

5/12/12 MM

cf

Lee
X

FILIPINIANA

MS

6/15/14
2005
131
581



PROGRESS AND MARTIAL LAW

Copyright 1981
Manila
By FERDINAND E. MARCOS

First Printing, February 1981
Second Printing, June 1981

All rights reserved. No part of this book may be reproduced
in any form or by any means, except for the inclusion of brief quotations
in a review, without permission in writing from the publisher.

CONTENTS

	Page
PART I	
Preface	iii
Before 1972	1
PART II	
Without Martial Law	21
PART III	
Under a New Society	47
Epilogue	107
Appendix	109
Index	133

P R E F A C E

When I promulgated martial law eight years ago, on September 21, 1972, it was to respond to an acute need of the time. A fierce and terrifying crisis gripped the nation, and as President I was clearly obliged to rally all the resources of the country, including the people themselves, to halt the drift to disaster. I knew this could be done by harnessing the courage and patriotism of the Filipino people but it would take a supreme act of faith to accomplish this in the midst of the confusion that anarchy and violence had sown. This supreme act of faith was to exercise the constitutional authority of martial law; by means of it I risked my life and honor in exchange for the knowledge that our people had the competence to prevent disaster if only this competence could be gathered from each individual and organized by a firm hand and a resolute aim.

By choosing to exercise the authority of martial law as the answer to the crisis of the early '70's, I automatically submitted myself to the judgment of history.

Today we must ask, has martial law been successful?

Without preempting the right of the Filipino people to supply the answer, I have set out in this book to state my per-

ceptions of the conditions which must inform the answer, the conditions that preceded martial law, those that existed in the eight years of crisis government, and those that exist today. I have also added what I have gathered to be the perceptions of some responsible persons with respect to a question that must surely excite the imagination of every Filipino—what might have happened if martial law had not been proclaimed?

The scenarios set forth in this book as the situations that could have taken place after 1972 are necessarily speculative, but it must be said for them that they are in fact reasonable and intelligent assumptions, and that in composing them from the suppositions of others I have employed the same objectivity that guided me to the choice of martial law eight years ago.

It is obvious at this point that we have overcome rebellion and anarchy, that we have pulled ourselves back, some would say dramatically, from the brink of national ruin. Primarily, therefore, the succeeding pages, as they give an account of how this was done, restate the capacity of the Filipino people to confront danger with determination and valor. These are gifts which lie, it seems to me secretly, in each one. Our experience has shown only too well that we need only to draw them out and put them to work. The message that our survival conveys is that these gifts are not only sufficient, they also exceed even the requirements of enormous crisis.

PART I

★ BEFORE 1972

One looking back to the years just before martial law was proclaimed will undoubtedly find, as the most visible condition of the time, the turbulence that threatened the stability of government. The nation faced perils from elements which, though intrinsically incompatible, had allowed themselves the convenience of temporary alliance so that the destruction of the Republic could be accomplished.

The Communist Party of the Philippines (CPP) was engaged in promoting violent mass action and acts of terrorism in urban areas, notably in Greater Manila; in the countryside, it carried out raids, assassinations and murders. Some rightist elements working hand in glove with the Communists themselves plotted the assassination of the President of the Philippines and spearheaded a series of demonstrations. In Mindanao, elements em-

boldened by support from foreign powers set their sights on secession, wreaking havoc and challenging the government by means of kidnapping and murder, by pillage, massacre and arson inflicted upon whole towns or barrios, and by destruction of agricultural crops and industrial installations. Compounding all this was "ordinary" criminality, which was rising throughout the country with the proliferation of loose firearms and the relentless growth of organized crime syndicates, bandit groups and the so-called "private armies" of politicians.

• The Communist Threat

The local communist movement, although divided into two factions, was a powerful threat to national security. The reestablished Communist Party of the Philippines, which had been organized by a group that broke away from the Partido Komunista ng Pilipinas (PKP) then led by Jose Ma. Sison, formed in March 1969 the New People's Army (NPA) to undertake a protracted armed struggle in rural areas along Mao Tse-tung's concept of enveloping the cities with forces from the countryside. Only a few months after its founding, the CPP/NPA seized the initiative from the rival PKP in leading the communist struggle to capture power in the country.

From the beginning the CPP was always more inclined than the PKP to the use of force to attain its objective, claiming that the conditions in the country favored the waging of an armed revolution. In a CPP document entitled "1968 Program for a People's Democratic Revolution in the Philippines," the party proclaimed that "there is only one road which the working class under the leadership of the CPP must take. It is the road of armed revolution to smash the armed counter-revolution that preserves foreign and feudal oppression in the Philippines".

In early 1970, the party stepped up its subversive and insurgent activities through an operation it denominated, quite aptly, as the "First Quarter Storm." The objective was to hasten the so-called revolutionary situation in the country so as to allow the communists to launch nationwide offensives in 1973. The party embarked on an intensive campaign geared to the establishment of front organizations in urban centers, the organization of armed city partisans and the infiltration of student groups, labor unions, and farmer and professional groups. It infiltrated or established control over nine major labor organizations and created communist fronts in major student and youth organizations. The mass organizations which actively promoted the CPP's interests were the Malayang Samahan ng Magsasaka (MASAKA), Kabataang Makabayan (KM), Movement for the Advancement of Nationalism (MAN), Samahang Demokratiko ng Kabataan (SDK), Samahang Molave (SM) and the Malayang Pagkakaisa ng Kabataang Pilipino (MPKP).

By the end of 1970, the Party had organized or participated in 258 major demonstrations, of which about 33 ended in violence, resulting in 15 persons killed and over 500 injured. The violence was primarily instigated by a small but well-trained group of armed agitators. In 1971, the number of CPP-linked demonstrations exceeded those of the previous year; this time, 24 ended in violence. The same year the NPA intensified its armed activities in the countryside, apparently emboldened by the propaganda support from the party and from Radio Peking as well as by recruitment gains, including such men as Lieutenants Victor Corpuz and Crispin Tagamolila who defected from the armed forces.

Significantly, from the time Corpuz and Tagamolila joined the communist movement, there was a marked in-

4 Progress and Martial Law

crease in the number of encounters, ambushes and raids launched by the NPA against government troops in Northern Luzon and the Bicol region. The more significant of these were: 1) the August 26, 1971 attack on the Task Force Lawin headquarters in Echague, Isabela which resulted in the destruction of two AFP helicopters and another privately owned helicopter; 2) the attack on the 5th Infantry Battalion of the Philippine Army in Cauayan, Isabela on December 12; 3) the renewed attack on Task Force Lawin headquarters in Echague, also on December 12; 4) the encounter between NPA elements and PC troopers in Sitio Mababulala, Barrio San Pedro, Iriga City, Camarines Sur in October; and 5) the ambush of a jeepload of 185th PC Company elements in Barrio San Juan, Concepcion, Tarlac on October 2, in which two officers were killed and three soldiers wounded.

In Mindanao, the disturbances in Cotabato and Lanao provinces caused by secessionist elements were aggravated by the participation of CPP/NPA elements. In mid-1971, a KM group headed by Jovencio Esparagoza met with members of the Higaonon tribe in their settlement in Magsaysay, Misamis Oriental and offered them books, pamphlets and brochures on Mao Tse-tung. They also conducted teach-ins in the area.

From January to September 1972, the subversive and insurgent activities of the CPP/NPA considerably accelerated. In the execution of its revolutionary plan, the CPP issued to NPA field commanders and party workers a document entitled "Regional Program of Action 1972," a copy of which was captured on June 18, 1972 at Barrio Taringsing, Cordon, Isabela. The program was to be carried out as part of an overall plan of the party to foment discontent and precipitate nationwide mass revolution.

From January to June, the party would intensify recruitment and organization of armed city partisans and urban guerrillas to be specially trained on explosives and demolition and other forms of sabotage. From July to August, in anticipation of increases in transport fares and the prices of basic commodities, CPP elements would instigate labor strikes, sabotage educational institutions and courts, and create regional chaos through bank robberies, and attacks on U.S. installations and some towns. From September to October, the plan called for the intensification of sabotage and the bombing of government buildings, embassies and public utilities and the assassination of ranking government officials.

In line with this program, the Communists launched a series of bombings in the Greater Manila Area which nearly paralyzed private and government entities. From March 15 to September 18, 1972, the following establishments or facilities were bombed: ~~Arca~~ building at Taft Avenue, Pasay City; Filipinas Orient Airways board room at Domestic Road, Pasay City; Vietnamese Embassy; Court of Industrial Relations; Philippine Trust Company branch office in Cubao, Quezon City; Philamlife building at United Nations Avenue, Manila; Tabacalera Cigar and Cigarette Factory Compound at Marquez de Comillas, Manila; PLDT exchange office at East Avenue, Quezon City; Philippine Sugar Institute building at North Avenue, Diliman, Quezon City; Department of Social Welfare Building at San Rafael St., Sampaloc, Manila; water main on Aurora Boulevard and Madison Avenue, Quezon City; Philamlife building again causing severe destruction on the Far East Bank and Trust Company building nearby; armored car and building of the Philippine Banking Corporation; Investment Development, Inc. building and Daily Star Publication building at Railroad St., Port Area, Ma-

nila; Joe's Department Store on Carriedo St., Manila; Manila City Hall; water mains in San Juan; San Miguel building in Makati, Rizal; and Quezon City Hall. There were also attempts to bomb the Congress building and the Department of Foreign Affairs building at Padre Faura, Manila.

The CPP/NPA also fielded in the Greater Manila Area several so-called "Sparrow Units" or "Simbad Units" to assassinate ranking civil and military officials and prominent citizens. These liquidation missions were designed to sow terror and foster chaos among the populace and thus make the government look helpless and impotent, incapable of protecting life and property.

The party also stepped up the formation of front organizations, funding, and agitation-propaganda. Organizational work included the formation of Barrio Organizing Committees (BOCs), infiltration of legitimate organizations, and forging of a united front with other anti-government forces. The formation of BOCs was considered of particular importance because it showed the extent of the influence the NPAs enjoyed in rural areas. In Isabelia alone, where the CPP/NPA sought to establish a rural sanctuary, they were in control of 33 out of 37 municipalities. The CPP succeeded in establishing in 1972 207 BOCs in 25 towns, compared to 161 in 12 towns in early 1971. In addition to the BOCs, the CPP also organized the Barrio Revolutionary Committees (BRCs).

NPA growth was also noted in Cagayan, Nueva Vizcaya, Quirino, Ifugao, Kalinga-Apayao, Bontoc, Benguet, La Union and the two Ilocos provinces. Efforts to achieve control of the population were also evident in the provinces of Camarines Sur, Albay, Sorsogon, Camarines Norte, and Quezon province.

Likewise, CPP elements achieved some degree of success in forming new mass organizations among students and the youth, workers and peasants. Some operated as front organizations, others worked underground. The infiltration of legitimate organizations or establishments was focused on the youth, student, labor, and peasant sectors. By July 1972, the KM had established 317 chapters throughout the country, compared to only 200 in 1970. Its membership also grew from 10,000 to 15,000 in the same period. The number of SDK chapters also increased dramatically, from 159 in 1970 to 1500 at the end of July 1972. Attempts were also made to infiltrate the military organization and the Office of the Secretary of National Defense.

United front efforts, on the other hand, were concentrated in the Greater Manila Area. Principal targets were the national bourgeoisie (notably those belonging to the student, professional and labor sectors), the religious elements, and the Chinese community which was tapped mainly for financial purposes. In Northern Luzon, Central Luzon and Mindanao, the primary targets were the ethnic minorities while in the Visayas, emphasis was placed on the religious, particularly those engaged in social action work among sugar workers.

The communists achieved headway in their efforts to establish a united front despite the marked differences in ideology between them and the other anti-government forces. Joint actions with these forces were undertaken to wage anti-government propaganda.

With respect to agitation-propaganda, the CPP's main objective was to undermine the confidence of the people in the government and win them to its side. The propaganda campaign was conducted in varied ways: 1) publica-

tion and circulation of underground newsletters, manifestos, leaflets, pamphlets, handbills and illustrated works; 2) setting up wall posters and other printed matters in an operation called "dikit/pinta"; 3) conduct of clandestine group discussions and teach-ins; and 4) cultural presentations.

‡ An incident of crucial value in indicating an increase in the capability, areas of operation, manpower and firepower of the NPA took place in Palanan in July 1972. This involved the landing by the ocean-going vessel m/v Karagatan at Digoyo Point, Palanan, Isabela of 3,500 M-14 rifles and about 30 rocket launchers of the M-40 variety. The AFP, however, was able to recover 900 M-14 rifles, 6 M-40 rocket launchers and 150 rounds of ammunition, two Browning Automatic Rifles (which were looted by defector Victor Corpus from the Philippine Military Academy Arsenal), five M-1 Garand rifles, one telephone switchboard, seven telephone sets, numerous M-14 magazines and voluminous subversive documents.

The landing of military armaments and equipment in Palanan indicated that: 1) the NPA was well-funded; 2) it had access to sources of funds and equipment not only in the Philippines but also abroad; and 3) it was capable of smuggling into the country huge quantities of armaments, military equipment and even men in many points of the long Philippine sea coast.

- For its part, the PKP, while generally refraining from frontal armed clashes with government forces, intensified its organizational and agitation-propaganda efforts. The party found new mass organizations to include the Malayang Pagkakaisa ng Kabataang Pilipino, Malayang Samahan ng Magsasaka, Ang Kapatiran sa Ika-unlad Natin, Ang Bagong Katipunan, Pambansang Kilu-

san ng Paggawa and the Samahang Progresibo ng Kababaihan ng Pilipinas.

In 1970, party elements sponsored several anti-government rallies in Laguna, Bulacan, Nueva Ecija and Bataan and participated in mass demonstrations in the Greater Manila Area. Immediately after the suspension of the privilege of writ of habeas corpus in 1971, the PKP issued a statement announcing its readiness to shift the emphasis of its struggle from the parliamentary to the armed struggle. Significantly, the party's Young Communist League, through an issue of its official publication *Ang Mandirigma*, claimed that the PKP's HMB Urban Guerrilla Forces was responsible for the bombing of the Arca building, Esso and Caltex offices and the JUSMAG, USIS and CONCON buildings in 1970-71.

★ The Secessionist Movement

The secessionist sentiments of Filipino Muslims have historical and traditional origins. The Filipino Muslims reacted against the imposition of political authority by the Spaniards from the early 16th century. During the early part of the American occupation, Muslim resistance continued. After World War II, the Philippine government made only feeble attempts to improve the lot of the Muslims, and rumblings of discontent among them persisted.

The separatist tendency of the Muslims became more pronounced in 1968 following the formation by former Governor of Cotabato Datu Udtog Matalam of the Muslim Independence Movement (MIM), which called for the secession of the Muslims in Mindanao and Sulu. The MIM, formed in June 1968, had the following specific objectives: a) to work and agitate for the secession and independence of the Muslims inhabiting the islands of Mindanao, Sulu and Palawan from the Republic of the Philippines; b) to

work towards the eventual creation, organization, and establishment of an Islamic State to be known as the Republic of Mindanao and Sulu; c) to conduct a sustained propaganda campaign within and outside the country to gain sympathizers and supporters.

The MIM had a central organization based in Pagalungan, Northern Cotabato. Its members included a number of Muslim datus, lawyers, and former soldiers. Its armed strength in 1969 was estimated at 800 men, mostly deployed in Pagalungan, Pikit, Datu Piang, and Carmen in Cotabato. It had an "anti-crime striking force" of 70 and a reserve force of 2,200 armed men scattered in several municipalities in Cotabato.

Principally based in Northern Cotabato, it later extended its activities to Basilan, Sulu and Zamboanga del Sur and placed emphasis on building up its military strength, extending every effort to increase its supply of firearms and to train its military force.

The MIM as early as 1969 had attempted to establish links with foreign Muslim countries. Suspected Malaysian agents have made contacts with MIM leaders and members. Matalam himself, while in Kuala Lumpur in April 1969 to attend the first International Islamic Conference (IIC), took pains to spread the gospel of the MIM in an effort to gain support and recognition from Muslim countries. Attempts were also made to establish contact with embassies in Manila of certain Muslim countries for material and/or moral support.

Another secessionist organization emerged in 1969, the Ansar El Islam which had the purported objective of uniting all Muslims in Mindanao, Sulu and Palawan. Its real objective however, was to set up a secessionist group affiliated with the MIM. Several of its leaders were

known to advocate the formation of an autonomous state of Mindanao under a Federated Philippine Republic or an independent Muslim Republic of Mindanao. The Ansar's strategy paralleled that of the MIM.

Ansar had a considerable number of members in the two Lanao provinces, among them some active and retired Muslim officers of the AFP. Only applicants with firearms were accepted as members of the organization. Some Ansar leaders, such as former Senator Domocao Alonto and Raschid Lucman, linked up with certain Malaysian officials. They were known to have conferred with Sabah Chief Minister Datu Mustapha bin Harun on several occasions.

In addition to these two organizations, there were other Muslim groups advocating secession. These were: a) the Green Guards Organization headed by Abdullah Camlian, which was primarily composed of Muslim youths from Zamboanga City, Lanao, Cotabato, Basilan, and Sulu; and b) the Kalimatu Sahadat, formed by some Muslim leaders from Jolo and Basilan after the 1969 elections, to unite the local Muslims for religious purposes. The Green Guards sought to form a separate Muslim state through the use of force. Some members underwent military training in Sabah. Several of its leaders were pro-Malaysian agents and known smugglers. The real objective of the second group was to work for the secession of Mindanao, Sulu and Palawan. Leaders of the MIM and the Ansar El Islam such as Matalam, Salipada Pendatun and Lucman were involved with the Kalimatu Sahadat.

In mid-1969, the Moro National Liberation Front (MNLF), led by Nurulladji Misuari, was formed by young Filipino Muslims undergoing training in Pulau Pangkor, a Malaysian island off the Thai border. From all indica-

tions, it was organized with the encouragement, if not the outright instigation, of Sabah authorities.

The MNLF operated initially as an underground organization. The trainees in Malaysia who returned to Mindanao in early 1970 were responsible for the formation of front groups, such as the Parhimpunan Kabangsaan Anak Islam (Parkai) in Jolo and the Lam Alif in Lanao Sur. In Cotabato, some of the young MIM leaders who were disgruntled with the old leadership of the MIM secretly joined the MNLF. Even at the outset, the MNLF had the objective of establishing an independent Islamic State in Mindanao, Sulu and Palawan to be called Bangsa Moro Republic.

The main activities of the MNLF in 1969 were recruitment and training of Muslim youths. Training was conducted locally and abroad. Foreign training, conducted in Sabah, was handled by Malaysian instructors and consisted of physical conditioning; first aid; use of firearms, grenades and land mines; techniques of raids and ambushes; use of communication equipment; mountain operations; obstacle course; and jungle survival.

Towards the later part of 1971 and in 1972, the MIM, the Ansar El Islam and the MNLF accelerated their recruitment, expansion, and agitation propaganda activities and engaged in armed activities. The MIM succeeded in increasing its strength in 1972 to 5,000 men, some of whom were fully armed. Most of them were concentrated in Pagalungan, North Cotabato, leaving about 300 men in Zamboanga del Sur and 100 men in Sulu. It had acquired some 3,000 assorted firearms and several vehicles, including trucks and jeeps; it had speedboats to transport firearms and ammunition coming from abroad.

The MIM's two newsletters, the *Bomba* and the *Sigai*, took advantage of Islamic conferences abroad to drum up support and sympathy from the Islamic countries. They issued press releases assailing government policies, particularly those concerning the minority groups. Its propaganda prodded some Islamic countries, such as the United Arab Emirates and Libya, to extend material and moral support to the secessionists.

The MIM and the MNLF started their armed operations in early 1971 following the Buldon incident in North Cotabato when "Ilagas" were implicated in the killing of a son of the Sultan of Buldon. The incident triggered off a series of attacks and counterattacks by Muslim and Ilaga elements. Taking advantage of this tense situation, a group of so-called "Blackshirts" composed of armed men linked to the MIM and MNLF undertook a series of attacks on Christian communities where they indiscriminately killed, plundered, burned and destroyed everything.

In Lanao del Norte, the first bloody incident occurred in early June 1971 in Tubod, hometown of the governor, where a Christian fisherman was riddled with bullets by eight MIM and MNLF elements. Later, eight Maranaos were killed at Pualas and Taguranao, Tubod. The Christian settlers were blamed for it.

In the latter part of June, a certain Pedro Pasaje of upper Tubod and his family including members of the Tigbac family (a total of ten persons) were massacred by armed Maranaos. On July 14, Mayor Pablito Abragan of Kapatagan, was killed in broad daylight while on his way home. Several days later, an armed party ambushed the Governor's car, wounding his driver and bodyguard. A few days later, the Governor's house at Celdran Village, Iligan City was riddled with bullets.

In Sulu, the situation was potentially explosive. The residents were apprehensive over possible eruption of violence in view of the numerous MNLF armed bands in the province agitating the people to defy the government.

The Rightist Conspiracy

During the presidential election year of 1969, political opposition elements led by the Liberal Party (LP) sustained a campaign to discredit and destroy the prestige, integrity and leadership of the president. Playing a principal role in this hate campaign was the defunct Manila Times, published by Joaquin "Chino" Roces, which as early as 1968 had been spearheading an intense propaganda drive against the administration.

Despite the vilification campaign of the opposition, however, the President was reelected in 1969 by a landslide in almost all provinces, including CPP/NPA-infested areas. Their defeat at the polls prompted opposition elements to step up their criticism of the government. Their dismal failure to unseat the President led them to plot his assassination.

The plot started as a means of political vendetta and eventually developed into a move to install the Vice-President as Chief Executive. Later, Sergio Osmeña, Jr., who was overwhelmingly defeated in the presidential elections in 1969, led a conspiracy among leaders of the Liberal Party, students, the media people, retired officers of the AFP and the communist party to organize a junta that would plan the assassination of the President and the overthrow of the government. Among the others involved in this plot were Eduardo Figueras and Larry Tractman.

These conspirators cooperated with other lawless elements to foment widespread terror, demonstrations,

riots, bombings and other forms of violence. They kept up a propaganda campaign to portray the President as a tyrant and unjust ruler, so that his death would be welcomed by the people.

Several meetings were held in the offices and homes of ranking LP leaders in November and December 1969 to discuss plans to: a) carry out an intensive propaganda campaign of hate and vilification against the President and his administration through the media; b) undertake massive demonstrations, particularly in Congress and Malacañang, c) support the plan to assassinate the President; and d) support the plan of the junta for a swift takeover of the government through armed means. Teddy Lovina, Jr. was tasked to contact student leaders to join the movement; Roger Arienda was chosen to muster the support of the mass media, radio and TV; and Col. Jaime Piopongco (retired) was assigned to gather dossiers on the President and disseminate these discreetly as propaganda among peasants, farmers, workers and students. Sergio Osmeña, Jr. left the country at a suitable time to avoid suspicions that these plans were inspired by the Liberal Party.

Osmeña, Jr. and his co-conspirators, determined to seize power, sought the assistance of foreigners and hired foreign assassins. Among these were Larry Tractman, a frequent American visitor in the Philippines; Sam Cummins, an explosive expert; Brian Borthwick, dealer in arms and tested chemicals; and August McCormick Lehman along with Robert Pincus, professional gunmen. In 1972, eight attempts were planned on the life of the President. The conspirators were to use so-called "Astropac" chemicals instead of the originally planned "Strim" gun which was no longer available in the market. (The "Astropac" chemical is ten times stronger

than ordinary dynamite.) The chemicals arrived in the country in two shipments, one on November 26, 1971 and another on December 7, 1971, consigned to a fictitious firm, the Philippine Mineral Corporation. The chemicals were financed by the Osmeñas.

The first attempt to assassinate the President was during the state visit of President Suharto of Indonesia on February 13 to 15, 1972. Borthwick, Tractman and Figueras examined the route of the presidential motorcade from the Manila International Airport to Malacañang. At the junction of the MIA road, the highway on Parañaque, a house had been rented. Along the road, pipes filled with explosives were to be burrowed in the ground and as the Presidential cars passed by, the chemicals were to be exploded. However, the plan failed because the technical men of Osmeña, Jr. failed to procure the machine that would have burrowed the explosives into the ground.

The second attempt was during the convention of top businessmen at Plaza Restaurant in February 26, 1972. Four days before the convention, Figueras and Tractman tried to reserve the Convention Hall so that panel insulators stuffed with explosives could be installed. Upon instructions of Osmeña, Jr., his son, Sergio Osmeña III, told his brother-in-law Jesus Cabarrus, Jr. to provide the detonators. This plan was, however, called off because Jesus Cabarrus, Sr. attended the convention.

The third attempt was at the Enrico Hotel during the Lions Convention on March 18, 1972. Tractman, Figueras, Manuel Crisologo and Antonio Arevalo placed near the rostrum two flower pots (disguised as decorations) which had false bottoms filled with explosives. When the President started his speech, the flower pots,

rigged with detonating devices, were to be exploded by a remote-control device. Figueras and Tractman (using Crisologo, a member of the Lions) took charge of decorating the Enrico Convention Hall and thereby facilitated the placing of the two flower pots. At the designated time, Crisologo activated the remote control but there was no explosion. Tractman and Figueras took turns switching on the remote control themselves, but likewise failed.

The fourth attempt took place during the Holy Week on March 1972 at Camp John Hay. Figueras and Osmeña III, studying the arrangements and contour of the Camp John Hay golf course, decided that the best place for the explosives was either Hole No. 6 or 7. In the house of Osmeña, Jr. in Baguio City, Tractman and Figueras mixed the chemicals and tried to connect these to the electronic gadgets made by Crisologo. This caused a premature explosion. Unable to make the gadgets work, they returned to Manila.

The fifth attempt was made at the SSS building during the Labor Day Convention on May 1, 1972. Tractman, Crisologo, Figueras and Antonio Arevalo got in touch with the man incharge of the arrangements, Atty. Tony Policarpio, and offered to decorate the Convention Hall and to provide chairs free of charge. Crisologo made a flagstand designed by Tractman which was rigged with explosives and electronic devices. The flagstand was readied and placed beside the rostrum. Crisologo was to press the flagpole to activate the switch on the flagstand as soon as the President arrived. Crisologo, however, was prevented by security men from approaching the stage when the President arrived.

The sixth attempt was at the Luneta Grandstand during the Independence Day Celebrations on June 12,

1972. Tractman, Borthwick and Figueras cased the Luneta Grandstand. Crisologo made wooden cabinet speakers with hidden compartments to be loaded with explosives. This plan was not carried out because Vice President Fernando Lopez was designated to represent the President in the Independence Day Program.

The seventh attempt was timed for the August 1972 visit of the President to the flooded areas of Plaridel, Bulacan. For this attempt, the conspirators abandoned the use of explosives, settling for sharpshooters instead. This was the role planned for Lehman and Pincus who were hired in the United States and put up at a house in Plaridel. Again, the plan was abandoned, this time because the conspirators failed to get a getaway amphibious vehicle.

The eighth attempt was the most daring. A Volkswagen Kombi, soundproofed and painted with the insignia of the World Health Organization, was parked near the press office building within the Malacañang compound. Hidden in the Kombi was the hired assassin, armed with a caliber .22 rifle equipped with a silencer and sniperscope. The idea was to wait for the President to put himself in the open while crossing the Pasig River for his afternoon round of golf. However, the alertness of the security force aborted this attempt and resulted in the arrest of the suspect.

Criminality

The crime situation in the Philippines before the proclamation of Martial law was at its worst. Criminal and lawless elements operated almost at will, ignoring or defying police authorities who were virtually impotent to maintain peace and order. Criminal elements, parti-

cularly the syndicated groups, were using modern techniques, equipment, and facilities that gave them a high degree of mobility, facilitating the commission of crime and at the same time providing them with capability to elude the law enforcers.

Most of the crimes were against property notably robbery and theft. This could partly be attributed to the deteriorating economic situation which had adversely affected the living conditions of the urban poor. Physical injuries ranked next to robbery and theft. Syndicated crimes consisted mainly of the smuggling of firearms as well as highly dutiable imported items.

Aggravating the situation was the existence of more than two hundred "private" armies maintained and financed by political warlords, businessmen, oligarchs and some well-to-do families. These groups often resorted to brute force, not including murder, in total and open defiance of the law.

Statistics showed that the total crime volume from January to September 21, 1971 was 75,500 or a weekly crime volume of about 2,000 cases. About 53 per cent of the crimes were committed in the Greater Manila Area while the rest of the country accounted for 47 per cent. In 1972, for the same period, the total volume of crime was about 70,000. The Greater Manila Area share of this was 63 per cent while the rest of the country accounted for 37 per cent, broken down as follows:

Area	No. of Crimes	Percentage
Greater Manila	44,500	63%
Northern and Central Luzon	5,500	8
Southern Luzon and Bicol Region	9,000	13

Visayas	8,000	12
Mindanao	3,000	4
	<u>70,000</u>	<u>100%</u>

These statistical data were based only on those criminal offenses reported; many offended parties kept silent for various reasons, such as their reluctance to be involved in tedious, costly and often unjust court proceedings.

PART II

WITHOUT MARTIAL LAW

The proclamation of a state of martial law inevitably raised the question, Was it necessary? The question in turn accommodates any number of possibilities that might have been fulfilled if the national leadership had not exercised the strong authority reserved for it by the Constitution. Were the conditions at the beginning of the '70's allowed to continue their course without the resolute and powerful intervention of government, events—and Philippine history—would obviously have taken a different turn, how drastically different from the present one can only surmise. But one surmises with reason and logic; what developments and consequences may be thus perceived as the alternatives to the order and momentum of the post-martial law period in any case deserve consideration.

Apart from a consideration of the alternative possibilities, it may be useful to analyze, first, the premises

of our socioeconomic policies, and, second, the shape of development before martial law, in contrast to that of our recent experience.

1. THE POLITICAL ORDER WITHOUT MARTIAL LAW

Given the precarious situation in the country before martial law was proclaimed on September 21, 1972, several possibilities commend themselves to careful consideration. A checklist of the key elements in the political situation would greatly facilitate the construction of such scenarios. Parenthetically, the following points bear stating:

1. The Philippine political system was polarized into competing political camps of roughly similar strength;
2. The diffusion of political power in the system, resulting in stalemates between the legislative and executive branches, slowed down the process of national decision-making;
3. The endless and wasteful contests of political forces prevented the introduction of fundamental and lasting social, political, and economic reforms;
4. The capacity of the national government to cope with social and economic problems did not substantially improve while the problems continued to multiply;
5. The rightist elements planned a coup d'etat;
6. The leftist rebellion was gathering momentum;
7. Secession posed a serious threat to the Republic's territorial integrity;
8. There was increased social unrest, as evidenced by recurrent demonstrations, rallies and strikes;

9. Crime was on the rise;
10. The economy was largely stagnant;
11. Income inequalities widened; and
12. Foreign intervention in internal affairs was rampant.

First Possibility: The Rightists Mount A Coup d'Etat

The widespread disorder in the country on the eve of martial law coupled with the increasing immobilization of the national government created a condition which called for a drastic turn of events. The rightists, in concert with the leftist revolutionaries, were preparing the ground for the downfall of the government either through a direct seizure of political power or through the forced resignation of the President. It appeared that the rightists were close to realizing their objective, judging by the atmosphere of anarchy, restiveness, and rebellion they had helped foment. The rightists were waiting to administer another blow. Had the government equivocated, the rightists may have mounted their planned coup.

A probable result would have been a split in the ranks of the civil government and armed forces. The immediate consequence would be an incipient civil war, or in any case, widespread violence that would have engulfed most of the country. While the balance of forces favored the government, a bloodbath appeared unavoidable. Still, the possibility of a rightist victory could not be totally ruled out.

The victory of the rightists would have meant the temporary resolution of the struggle for control of the government. It is likely that the first act of the rightists would be to consolidate their political power by cracking

down on the remnants of the President's supporters. Violent retribution against enemies, real or imagined, was likely to follow. The temporary alliance with the leftist radicals would have broken down and a similar campaign to contain the communist threat would have ensued. On the political side, therefore, the rightists had to face a continuing struggle to strengthen its grip on political power. This would have meant, for an indeterminate number of years, chronic political strife in the country.

It is likely that the rightists themselves would have imposed martial law to stop the bloodshed and restore order. But even assuming the struggle for political power is resolved in large measure with the rightists firmly in control, the social and economic problems that helped spawn the political disorders would remain relatively untouched. To the extent that the rightists espouse an ideology of development, that ideology is likely to be a defense of the status quo. To be sure, policies designed to ameliorate the condition of the masses would not be lacking but a fundamental reform program to strike at the heart of the poverty-creating order would not be forthcoming. Change would come in trickles as paramount importance is placed on preserving an inequitable social order.

Such an order would open the way to the triumphal return of the "old" politics. The pursuit of privilege would remain the dominant form of political conduct. Corruption would continue to gnaw at the moral fabric of society. The personalist orientation of politics would impair efforts to create and develop strong political institutions.

Thus a rightist coup would end up taking Philippine society right where it started, with two key distinctions. The political order they are likely to create would place

a higher premium on status quo politics. And this would have been achieved at the cost of a bloody coup.

Second Possibility: The Liberal Party Wins, Aquino Is Elected President

Many commentators have expressed the view that had martial law not been declared in 1972, the Liberal Party would have won the national elections of 1973 and ex-Senator Benigno Aquino would have been elected President. This, of course, assumes that no dramatic event would have intruded in the light of the chaotic conditions of the time to prevent the holding of the 1973 national election. In any case, since this is a scenario which seems favored by many, it is worthwhile examining what the situation would have been like if it actually came to life.

Under the turmoil and turbulence of the time, the 1973 election would probably have ranked as the most chaotic, bloody, vicious and expensive political contest in Philippine electoral history. Terrorism, mud-slinging, vote-buying, assassination, kidnapping and corruption would have wreaked havoc on the regular ritual of electing the country's highest national officials. Despite this highly charged political situation, or perhaps because of it, the victory of the Liberal Party could not be discounted.

The Liberal Party, perhaps under the leadership of Aquino, would inherit a government increasingly impotent to deal with mounting social and economic problems. The polarization of political authority has immobilized the government. This came at a time when the government was beleaguered from all sides. The communists were gathering strength and fomenting a revolutionary situation. The secessionist movement was threatening to dismember the Republic. Political warlords and their private armies regarded the government with contempt. Criminal

elements were operating with impunity. Foreigners were openly interfering in the country's internal affairs. The economy was in decline. And anarchy ruled the streets.

Under the circumstances, the government would have found it necessary to declare a national emergency and proclaim martial law. There was no other recourse. The problems were enormous. But the government's capacity for coping with these problems was limited by fractional politics. It is also problematic if the Liberal Party would have mustered enough will to move quickly and decisively to avert an impending disaster for the country. Even if it did, the situation may have gone beyond its control; the contending political forces could very well have put the delays in national decision-making to their advantage by strengthening their own power base. In this eventuality, a head-on armed clash between government and anti-government forces would have been difficult to prevent. The country would then have been engulfed in a bloody conflict.

Assuming, however, that the party in power was able to move quickly and declare martial law, another chain of events would have followed. First, it would have had to restore order. If this step did not provoke widespread conflict, it certainly would have resulted in sporadic armed clashes between government forces and the well-entrenched private armies of politicians, criminal elements, and leftist radicals. Fighting in Mindanao and Sulu would most likely have been far more serious. It is doubtful whether the Liberal Party or ex-Senator Aquino would have gone beyond restoring order and asserting the government's authority. Certainly, the use of martial law to build a new society was not even contemplated. The principal objective beyond restoring public order would have been the rehabilitation of the old political order, or at least, a slightly modified version of it.

It is uncertain how the party in power would have approached the country's social and economic problems. But if the oligarchy remained the country's power brokers, it is not difficult to imagine how things would have turned out. To be sure, grandiose socioeconomic programs to uplift the condition of the masses would not be lacking. But it is doubtful whether those who profit from the established system would willingly give up their perquisites and prerogatives. As the rhetoric raised popular aspirations, the performance tended to fall short of the promise. Consequently, the marginal changes that would take place in society would serve only to reinforce the established social economic order.

Thus, the victory of the Liberal Party and the election of Aquino constitute nothing more than a change of political personnel. Superficial reforms would affect only an insignificant segment of the population. Otherwise, things would be as they had always been; social injustice, economic stagnation and political strife would continue to dominate the national scene.

*** Third Possibility: The Communists Take Over**

The third possibility is that had we not acted decisively in September 1972, there might have been a successful takeover by communist forces during those crucial times. If you will recall, the communists were rapidly gaining strength. Apart from being well-organized and highly disciplined, their leaders and members showed selfless dedication to their cause. Through painstaking political and organizational work, they had successfully infiltrated organizations of students, peasants, and laborers which they soon turned into fertile recruiting grounds for members of the Communist Party

of the Philippines and its military arm, the New People's Army. Their regular guerrilla forces, emboldened by initial successes, repeatedly attacked our isolated detachments and outposts, ambushed our patrols, and engaged government forces in frequent encounters. But most important of all, they were able to gain the secret support of prominent groups and individuals. In a grand display of overconfidence in the eventual triumph of their cause, they even entered into an unusual though unholy alliance with rightist elements whom they would have otherwise considered "class-enemies."

Considering the traditional anti-communist orientation of the Filipino people, the communist bid for power would have definitely resulted in a bloody fratricidal conflict, one that would have easily been more violent and protracted than the conflict in Mindanao. Undoubtedly, the anti-communist elements would have waged a life-and-death struggle to resist and prevent the communists from taking over the government. And in the ensuing violent struggle, the entire country and people would have greatly suffered.

Had the communists triumphed, what would have transpired? A communist takeover would have nothing to offer except prospects of large-scale violence, social regimentation, the total subjugation of the many by the few, and the loss of our much cherished human freedoms.

Recent pronouncements made by some opposition spokesmen have mentioned the possibility of their finding common cause with leftist and radical elements unless the government assured that all the necessary steps would be taken to assure clean and honest elections. In what-

ever context such statements may have been made, they represent an inexcusable display of gross irresponsibility, one which may eventually give way to more dangerous moves as an inevitable consequence of recklessly flirting with leftists and radicals.

The history of temporary alliances or united fronts between the left and right, between progressive forces and middle elements, are fraught with betrayals and treacheries. What happened to Prince Noródom Sihanouk when he collaborated with the Khmer Rouge in 1974 in the founding of the Royal Government of National Union of Cambodia (RGNUC) is a classic example. By collaborating with the Khmer Rouge, Sihanouk was, so to speak, riding the Red Tiger, and as the Chinese maxim says, "He who rides a tiger will surely fall." It would be more apt to say that "He who rides the tiger will eventually be gobbled up."

In the early days of the founding of the RGNUC, Sihanouk was its recognized head, while Khieu Samphan, who was Commander-in-Chief of the Khmer Rouge Armed Forces, was only one of its Deputy Prime Ministers. However, in the spring of 1974, when the Khmer Rouge was already in control of 80 per cent of Cambodian territory, Khieu Samphan suddenly became the *de facto* leader of RGNUC while Sihanouk was allowed to be its spokesman with the non-socialist world. Subsequently, as the Khmer Rouge became stronger, Sihanouk's eventual ouster was only a matter of time as Khieu was repeatedly presented as the head of Cambodian delegations during his travels abroad. Even during Khieu's visit to China, Sihanouk was listed only as "among those present during the visit

and one of the leaders at the meeting with Chairman Mao."

But Sihanouk's further humiliation in the United Front was yet to come. When the Khmer Rouge captured Phnom Penh on April 17, 1975, Sihanouk was not officially informed of the event and had to wait until July 18 or three months after the liberation, to be officially invited to return to Cambodia. During Sihanouk's return from Peking to Phnom Penh, he was grandly welcomed by the Khmer Rouge and was even named Chairman of a Council of Ministers established immediately after liberation. However, when the council was convened, his participation in the deliberations was mainly ceremonial. He was not allowed to question the proceedings.

Sihanouk's final humiliation came in 1976—he was given the "Honor" to abolish his own monarchy when he presided over the ratification of the document that established the State of Democratic Kampuchea. As a consequence, on April 7 of the same year, Sihanouk announced the dissolution of the RGNUC and his resignation and retirement from public life.

What was remarkable about the United Front was that while Sihanouk was serving the organization with his prestige and influence to argue for the case of the Khmer Rouge in all the world bodies, the Khmer Rouge on the other end was discrediting Sihanouk as a man not fit to rule Cambodia. Indeed this pathetic relationship gave rise to speculations that he lacked proper understanding of the United Front as a Marxist-Leninist strategy, and that he was politically naive, as exemplified by his firm belief that the Khmer Rouge would voluntarily

share political power with him despite their diametrically opposed ideological positions.

Marxist-Leninist theory speaks of two kinds of revolutions which are supposed to take place in the modern world and in these two revolutions, the communists are destined to play different roles. In semi-feudal and backward countries where capitalism is in its nascent form, a bourgeois or national revolution is expected to take place first before the socialist revolution. Thus, to enable backward countries to bring about a socialist revolution as early as possible, Lenin encouraged the proletariat in developing countries to join the bourgeois revolution in order to wrest the leadership from the bourgeoisie at the most opportune moment:

Marxism teaches the proletariat not to keep aloof from the bourgeois revolution, not to be indifferent to it, and to allow the leadership of the revolution to be held by the bourgeoisie but, on the contrary, to take the most energetic part in it, to fight most resolutely for consistent proletariat democratism, for the revolution to be carried to its conclusion.

Lenin, *Sochineniia* 9, pp. 35-36.

There was no doubt that the Khmer Rouge viewed their struggle against the Lon Nol-Sirik Matak Clique as a bourgeois revolution. Their alliance with Sihanouk can therefore be viewed as a tactical or temporary move designed to broaden their mass support and heighten the revolutionary situation.

Thus, after their victory in April 1975, since Marxist-Leninist theory clearly forecasts an inevitable progression of qualitative changes in the world, each change bringing about a higher stage replacing the lower one, the Khmer Rouge seizure of political power from the national bour-

geoisie and other revolutionary forces of the United Front was logical and inevitable.

Another fundamental principle adhered to by communist revolutionaries is the principle of contradiction—the kernel of dialectical materialism. According to Lenin, this is the most important principle of ideological struggle—the irreconcilability of world outlooks hostile to the proletariat.

Since Sihanouk's world outlook was considered partly feudal and partly bourgeois, his ideological position was in contradiction to that of the working class. In adhering to its Marxist ideology, the Khmer Rouge was therefore obligated to struggle against his position and assert the interest of workers and peasants.

In contemplating the possible alternatives to martial law the following possibilities come to mind:

A rightist coup would have been ushered in by violence and would have resulted in a reconstitution and reinforcement of the established political and economic order, accompanied by a feigned attempt at social reform.

Had the Liberal Party won with Aquino as President, martial law, in its classical form, would have been subsequently declared, thus resulting in the strengthening of an exploitative oligarchic order. A communist victory would have meant revolutionary violence, a totalitarian regime, a complete uprooting of the social order and the loss of individual freedoms.

In the light of our analysis, it can be comfortably argued that the political performance of the martial law

government was far superior to any of its predecessors. By taking the country's destiny into our own hands and courageously charting our own future, we were able to avoid the disastrous consequences that could have destroyed the nation if martial law had not been declared.

*A Synthesis of Alternative Possibilities

Despite the differences among the three scenarios, several similarities are worth noting. Firstly, whatever government was set up and whoever was in control had to contend with three key facts: the growing powerlessness of the government, the polarization of the political system, and the intensification of social and economic problems. Secondly, assuming these conditions actually existed, the range of response by any government was somewhat limited. There was little choice but to re-assert government authority and avert the inexorable march of the country towards destruction. Re-asserting government authority could, of course, take many forms. It could mean the suspension of the writ of habeas corpus, the proclamation of martial law, or taking other measures to strengthen the government's hand in dealing with lawless violence and public disorder. Thirdly, the government's vigorous assertion of its authority was likely to meet with stiff resistance from those who stood to lose from this step. This would have provoked a clash between the government and those who seek its downfall. Finally, the alternative scenarios offer equally unpalatable prospects. The outcomes vary but they all converge on a common point: the country would be worse off under any alternative state of affairs.

When one looks back in contemplation of the choices laid before the country—the alternatives to martial law—the following possibilities come to mind. A rightist coup would have brought with it violence at the outset, reconstitution and reinforcement of the established political and economic order, and a feigned attempt at social reform. The election of the Liberal Party with Aquino as President would have been followed by the declaration of martial law and the subsequent strengthening of the exploitative oligarchic order. A communist takeover would have meant revolutionary violence, a totalitarian regime, a complete uprooting of the social order, and the loss of individual freedoms.

Admittedly, the complexity of the conditions that preceded the proclamation of martial law allows other possibilities. The logic of those conditions, however, suggests that the three major scenarios discussed were the most probable alternatives. In the light of our analysis, it may be argued that the political performance of the martial law government is superior to what might have been in the past. One can imagine the disastrous consequences for the country if martial law had not been declared.

2 PREMISES OF OUR POLICY

We were previously obsessed with political emancipation (Osmeña, Roxas, Quirino) at the expense of economic planning with the belief that political emancipation would necessarily mean economic emancipation. Later experience proved otherwise—political emancipation and economic planning should occur simultaneously.

Economic development and modernization constitute the strongest foundations for freedom and independence.

Economic development and military security, on the other hand, are two sides of the same coin. Indeed, economic development can prove to be the best weapon against any threats of internal security, insurgency, mass infiltration, and subversion. Economic development alone therefore is the true foundation of stability.

Such a development, however, can be a "trap" if it does not promote the full utilization of labor. In many countries, for example, rising levels of economic growth have been characterized by worsening unemployment and underemployment. Thus, the creation of employment must be in the forefront, rather than at the rear, of the economic plan.

These two objectives, land reform and employment generation, should define the orientation of the entire development strategy in the task of building a New Society.

We hope to create a much better environment for investment, both domestic and foreign, in our country. We hope to activate a much wider national market capable of absorbing more manufactured goods. We hope to create productive capacity in both industry and agriculture and in trade and commerce that will assure the steady, significant progress not of a few but the whole Filipino nation.

All our economic investment policies will be implemented in the broad context of a social transformation that will help us attain our ultimate objective of building a New Society. We place our hope on investments, both domestic and foreign, to play the role of catalysts of growth. But the main reliance is placed on our people themselves—on the capacity of a reawakened Filipino nation to remove its own historic shortcomings.

Thus, I have always taken great effort to note that government does not only have the right but the duty to participate and even intervene in the social, political and economic order.

The areas which used to be left to private enterprise and initiative continue to lose their well-defined boundaries and to be absorbed within activities that the government must undertake in its sovereign capacity as an entity better equipped to administer for the public welfare if it is to meet the increasing social challenges of the time.

We must, therefore, emphasize cooperative effort over competition and collective individual goals.

The policy of *laissez faire* has, to some extent, given way to the government's right and responsibility to intervene even in contractual relations that are affected by public interests. The grand issue of development is one that preoccupies the world today, the developing countries perhaps more than other. We are all in need, however, of redefining what we want from development, what strategies to pursue and what new lifestyles to evolve. The world is waking up to the failures of the old systems and development models where material wealth alone was equated with the good life and where the power of wealth was used to perpetuate selfish interests.

Failures in the development efforts of societies were explained away as a lack of financial resources, as a result of absence of political will, or as a manifestation of the inadequacy of current technological capabilities, but this familiar analysis conceals the fact that it derives from a particular concept of development that is tied to Western experience and that sustains the present system of inequity in the global network of relations.

The system and its basic economic tenets are, therefore, questionable. For example, technology has not eliminated poverty although it is an integral aspect of accepted development models and definitions of development itself.

The energy crisis will cost us an additional \$1 billion dollars in maintaining the level of our development and imports. Economists maintain that there will be no climax in our export earnings which will remain frozen, making the new cost of imports prohibitive. But if we cannot afford the new cost of imports, then we must freeze our development efforts and this would certainly end in catastrophe. We have, therefore, decided to follow two alternative paths—where we need and we cannot produce, we borrow; at the same time, economic activities have to be increased to generate enough foreign exchange to shoulder the incremental cost of our development.

We can prove that the system of free enterprise can contribute more to the national good than the communistic and socialistic systems. Not that we have to prove anything, for while this has its merits it is essentially a negative approach to our problems. We have, however, the option to adopt whatever is useful in the egalitarian systems of the world. For example, although democracy is by far the best among the systems, we are not closed to such modifications as the adoption of the better aspects of the welfare state system or the so-called ten basic principles of communism.

As a matter of fact, the latter has been adopted by the democratic system. The old Marx and Engels and the feminist doctrines are no longer modern. They are old because they now belong to every system.

Free enterprise is a fundamental element of our national life. From the very logic of things, a free enterprise

cannot be eradicated from our society. We do not believe in the communist answer of eliminating private wealth and private ownership. The socialist answer of government ownership of capital and industry has similarly been rejected.

But the inequities must go. In destroying the inequities of the old order we hope to see our economic way of life flourish as it never flourished before, with business and industry our active partners similarly dedicated to the principles of social justice.

We have always maintained that the economic or social development of our country should be based upon a continuity, or even an approximation of continuity, of basic policies, whether such continuity is brought about by compulsion, coercion or the ordinary workings of the electoral process. If policies are not continued then there can be no development. This is quite obvious to anyone and yet we never think about it when we speak of ideology, political institutions and even programming and planning.

I repeat, government will maintain an economic system that is fundamentally free enterprise. It is not fully capitalist, not fully communist or socialist. We feel that all ideologies have their weaknesses and their sources of inadequacy and failure. But we believe that the private sector must bear the burden of production and progress. Government will set the atmosphere and give the incentive for such production.

* 3. DEVELOPMENT EFFORTS BEFORE MARTIAL LAW

A growth economy calls for an integrated and comprehensive program of development within which a private enterprise economy, such as ours, strives to (1) transfer

funds and savings of the proper magnitude from the private sector to the government for efficient and effective use in the financing of development expenditures, and (2) influence the size and direction of private investment expenditures and efforts through appropriate fiscal, monetary, economic and other appropriate policies, all geared to the attainment of economic growth, stability and social justice.

Thus, the three major components of such a major development strategy would be: first, its policy plan, strategies and programs; second, its resources and financial plan; and third, its organization and administrative capabilities.

This means that we should look back in retrospect at the pre-martial law period in terms of the substance of our economic policy plans, at the mobilization and utilization of our domestic and foreign resources, and at the management and coordinative machinery for economic stewardship. In this connection, we will examine issues, instruments, options, or decisions made within the framework of stated national goals and priorities.

In so doing, we hope to be able to identify and evaluate deficiencies in policy formulation, and strategies and their consequent policy and action implications.

† The Issues and Realities

1. Policymaking

Before the advent of martial law, policymaking was practically a "hit or miss" affair. It was lagging in its support of development through meaningful legislation.

What passed for a legislative program was determined in the majority party caucuses; the party's stand often

focused on "piecemeal," incremental and partisan legislation. The lack of discipline in the ranks of the majority party impeded the development of a genuine program and resulted in undue delays and snags in the legislative process. The Congress was, in effect, directionless; its working committees cluttered with numerous private bills. In such a situation, the President's influence upon the legislative process inevitably grew tremendously through the years, reinforcing his formal powers to initiate policy through administrative bills, through certification of the urgency of bills, through his exercise of veto powers, and through his power to transfer and program the release of funds. The President, necessarily, became adept at using extra-legal methods in bearing upon legislative officials as well as upon individual solons.

Proposed legislation on socioeconomic reforms (e.g. for FY 1970-71) consisted mostly of proposals to create new institutions or to nationalize certain business enterprises, rather than to enact remedial legislation to strengthen the existing institutions tasked with similar functions. Some 29 bills introduced in the Senate during the session included eight proposals to create units, agencies or funds.

Samples of such proposals include the nationalization of certain businesses such as those of the business of mass media (S. No. 70), the distribution of foreign motion pictures in the Philippines (S. No. 87), the Forest Industry (S. No. 177), and the Oil Industry (S. No. 710); another proposed to limit the right to engage in the lumber industry to the citizens of the Philippines (S. No. 299).

Moreover, the congressional scoreboard revealed that most bills enacted into law were of local application. For Fiscal Year 1970-71, 213 out of 254 were of local applica-

tion and only 41 of general interest. The latter included the establishment of the Oil Industry Commission (R.A. 6173) and the Population Commission (R.A. 6165), as well as the imposition of Price Control (R.A. 6373) and Rent Control (R.A. 6359). The organization of the government was mandated by RA. 6172 and R.A. 6175.

Relating policies to fiscal plans and priorities in the budget was, moreover greatly constrained by the fact that some members of the Congress did not go beyond the reading of the budget message of the President which in some instances did not have any relevance to the contents of the body of the budget.

The Congress in its session of 1970, aside from approving the General Appropriations Act amounting to ₱3,323 million, approved 50 other special appropriation laws authorizing expenditures of ₱118 million, although the Treasury was no longer in a position to support these appropriations, for Public Works which could not be released due to lack of funds amounted to ₱9,383 million. A substantial portion of it consisted of "continuing appropriations" subject to the "availability of funds" which distorted the concept of an annual budget as the annual operational component of a development plan.

Meaningful legislation was also constrained by some rather formidable environmental factors, e.g.; the deteriorating peace and order situation, the phenomenon of brain drain, the inefficient and incompetent civil service, the effects of geographic dispersion upon transportation and communication, particularly the inadequacy of port facilities and services and the resulting imbalances in regional development.

These factors were manifested in a number of ways: inadequate transportation, economic shortage of land,

inadequate and incompetent statistical services, lack of adequate and national marketing organizations, uncertainty in the implementation of some laws such as the Retail Trade Act; uncertainty of relationships with the United States after 1974; an inadequate information system from and between government agencies and from government to business firms; inadequate and insufficient financial sources; inadequate executive, entrepreneurial and labor manpower (in spite of the high rate of unemployment and underemployment); link-up between politics and businesses (big businessmen are also big politicians); cultural heterogeneity; instability of monetary and fiscal policies; concentration of wealth; tenancy problems; the absence of a Maritime Commission; the tendency to adopt foreign (instead of encouraging indigenous) technological innovation; uncertain tax laws, slow or inefficient implementation of regulatory legislation; an inadequate financial market; multiplicity and overlapping of planning bodies; political patronage, predominance of close family patronage and such value orientations as *bahala na*, *hiya*, *utang na loob*, *pakikisama*, etc. These factors certainly affected and explained the difficulties encountered in implementing development policies and plans.

Contributing to the long list of ills was the inadequacy of basic economic statutes formulated to guide or influence the private sector. It was contended, for instance, that these economic statutes had been senselessly copied from the United States without regard for the peculiarities of the Philippine business setting. The emphasis was upon regulation rather than stimulation of enterprise, which was not consistent with the atmospheric theory of government and business relations. While American regulatory statutes were adopted to curb the excesses of economic activity carried out under free enter-

prise, it was contended that in the Philippines, the statutes were adopted even before free enterprise in the field of corporate industrial and financial activities reached their full fruition of activity.

Legislation on corporations, securities, insurance, banking, anti-Dummy Act, mining public service, and forestry laws were found wanting. More serious matters did not receive the attention they deserved, the efforts revolving instead around such superficial "needs" as the modification of the governmental machinery or structure or the creation of new units or agencies without accompanying changes in the substantive policies and strategies for reforms.

Thus, while Congress had been legally vested with the function of policy formulation, it assumed its role passively. An oft-cited example was the nonparticipation of Congress in the decision by the Central Bank with the approval of the President of the Philippines to devalue the peso on February 21, 1971. Another example of inert congressional leadership was Congress' failure to participate actively or to initiate legislation in the area of foreign affairs at a time when foreign policy had tremendous economic implications and ramifications.

Some of the more outstanding examples of so-called inconsistent policies that have tended to contradict or nullify announced priority guidelines or objectives included the study findings below.

One study showed that the changing sectoral resource allocation had a very small and negative impact on overall Philippine growth rates during the second half of the post-war period. This recent lack of Philippine success in attaining minimal growth rates in relation to total factor productivity is attributed to a "faltering pace of indus-

trialization". Indeed, industrialization, if defined only in terms of the shift in the sectoral use of labor resources, may be said to have been grounded to an abrupt halt in the 1960's.

The rise in the capital-labor ratio in manufacturing presumably had its origin in a growth pattern which increasingly favored capital-intensive industries, and in the movement towards more capital-intensive techniques within the firms themselves or within newly created firms. These were blamed on a government policy which was so biased relative to factor prices that the resources and choices reduced the rates of employment generation.

✱ Government policy consequently stifled industrial growth, precipitated increasingly poor resource use, and thus depressed both national and employment growth.

It was further contended that minimum wage legislation had been biased against labor-intensive processes, and this was strengthened by government lending institutions which encouraged inappropriate factor combinations by supplying credit to favored industries at rates below those prevailing in the market. It has been shown that the protective tariff structure prevailing since decontrol still represents a very strong bias against the development of a capital goods industry, a parts-supplying industry, intermediate goods industries of all sorts, and manufacturing exports industries in favor of finished consumption goods.

Very advanced labor laws worked against the absorption of more labor into other economic undertakings and in fact preceded the creation of more job opportunities in the country. Thus, there was a trade-off between higher wages and highly protective labor legislation, on the one hand, and employment, on the other.

Legislation in the name of rational allocation of resources was made in favor of industrial and politically articulate inward-looking blocs of private interests bent on preventing further entry into what became considered private reserves.

Too often, policies were formed only if a specific case requiring immediate decision was brought to the attention of government and, more often than not, the decision was limited to a specific aspect of the case, rather than in the form of an overall policy.

Indeed, various sectors of the economy abound with examples of inconsistent and unclear policies. Other specific examples include the Industrial Priorities Plan (IPP) which encouraged forward integration in the copper industry while the tax laws did not; copper ore and smelted copper which were not taxed under the same section of the National Internal Revenue Code; and backward integration in car manufacturing which was discouraged because the sales tax on finished cars was high and was applied on a value-added basis while advance sales tax plus customs duties on CKD were relatively much lower, thus encouraging more assembly of CKD's.

Obviously, the policies formulated militated against the very objectives sought to be attained. Moreover, there was inadequate monitored information to serve as bases for effecting remedial measures. We can therefore say that the processes of policy-formulation and decision-making were loosely tied together and needed closer integration.

PART III

UNDER A NEW SOCIETY

Clearly, the eight years of the crisis government have been most eventful in our history. They were years of triumph, not in the sense that we have solved all our problems, but because we have managed to give our national life a determined shape and direction. And whether or not it is the wisdom of hindsight, we may legitimately wonder about our fate as a people if the political leadership had not taken those extraordinary measures which enabled us to cope with adversity and vicissitude.

We had truly gone a long way since the start of the decade of the Seventies when the serious conditions which brought our nation to the brink of collapse, had, in fact, compelled us to take the constitutional recourse of a crisis government.

* When I placed the entire Philippines under martial law, in September 1972, I did so in order to protect the

integrity of the Republic from lawless elements then conspiring to seize political and state power by means of anarchy, rebellion and secession. My first concern was not only to secure the Republic against any uprising, politically motivated or otherwise, but also to secure the entire citizenry from the criminal elements, the private armies bred by local politicians, and the outlaw bands in the countryside.

But our ultimate objective, beyond repelling the threat to the government, was to remove the causes of popular grievance which had accumulated through decades of neglect and oppression and given rise to discontent, chaos, and violence. Our fervent wish then, as expressed in Proclamation No. 1081 and all subsequent decrees and pronouncements, the validity of which were affirmed by the Supreme Court, was to reestablish democracy, restore individual rights, and promote the welfare of the Filipino people.

We have attempted to show—and, I believe, succeeded in showing—that social, economic, political and even cultural, grievances can be redressed in a society based on the rebellion of the poor. This we have done with our every word and deed, the records will show, strengthening the tradition that ours is a government of laws and not of men and that even the government is subject to law. *

Above all, every step taken in the martial law situation was measured according to the recognized desires and wishes of the Filipino people.

We had to restore civil order as the bedrock of any constitutional survival.

✓ It was imperative that we dismantle not only the apparatus of the insurgency movement, but also the whole

system of violence and criminality that had virtually imprisoned our society in fear and anarchy.

Thus have we met the threats of sedition and secession, giving us the time and opportunity to reconstruct a new society from the ashes of the old, and create a more congenial environment that is conducive to sustained economic and social growth.

The Fight for Peace and Order

These were the results of the relentless and determined campaign to reestablish public order:

The drift towards anarchy has been successfully checked.

The leftist-rightist rebellion has been substantially contained, its ranks reduced into small pockets of resistance in a few places, disorganized bands alienated from the people.

All 200 private armies that have long terrorized the people were dismantled and their evil power diffused. The program for peace and order, which has eliminated the private armies of the Old Society, immobilized such lawless elements as the Light-a-Fire Movement, the April 6 Movement, and the Partido Nagkaisang Sosyalistang Demokrata ng Pilipinas, or SOCDEM.

We have organized self-defense units in barangays to protect them, on a self-reliant basis, from criminal elements.

We have developed the PC-Integrated National Police as an effective professionalized force capable of maintaining peace and order, with the possible support of the Armed Forces of the Philippines in case this becomes necessary because of actual combat.

The vigorous and unrelenting quality of the peace and order campaign enabled the government to identify 250 criminal syndicates and apprehend or neutralize their members.

This same zealousness made possible the seizure or collection of 650,000 firearms of all classes, makes and varieties, including artillery, machine guns, assault rifles, tanks, armored cars, and the latest models of sophisticated armaments. It also made possible the arrest and trial of more than 2,000 ordinary criminals long wanted under unserved warrants.

Both factions of a subversive organization were similarly dealt a heavy blow, one faction surrendering en masse to the President before and after the proclamation of martial law, and the entire leadership of the other faction being arrested and detained to face trial.

The colonial, centuries-old hostilities in Southern Philippines between the Christian and Muslim brothers, which exploded, eight years ago, into formidable secessionist war, have been contained. It was a war in which an estimated 20,000 fully armed men, some of whom were trained outside the Philippines, were set against the small garrisons of the police and the Philippines constabulary while we were fighting the leftist-rightist bands in Luzon.

With the granting of amnesty to more than 37,000 members of the Moro National Liberation Front Movement, the establishment of the two autonomous governments in Regions 9 and 12, plus the successful negotiation of a number of international agreements towards the peaceful solution to the Mindanao conflict—these events effectively terminated that movement.

Following negotiations led by the First Lady, Minister Imelda R. Marcos, with the President of Libya, Col. Khaddafi, and the Quadripartite Committee of the Islamic Conference, a settlement of the secessionist movement in the South was finally reached with the Moro National Liberation Front (MNLF), represented by its Chairman, Nur Misauri, who signed with our own representatives the Tripoli Agreement in Libya on December 23, 1976.

The agreement provided for the organization of autonomous regions where Muslims reside, and for ceasefire agreement, of which two were in fact signed. One of the agreements was signed in Tripoli, also on December 23, 1976; the other one was signed in Zamboanga City on January 20, 1977, between Admiral Romulo Espaldon of the Southern Command of the AFP and Dr. Tham Manjoorsa, authorized representative of the MNLF. A subsequent plebiscite led to the creation of the two autonomous regions in Mindanao where elections were held to choose the members of their respective regional assemblies or *Sangguniang Pampook* and members of their respective Executive Councils or *Lupong Tagapagpaganap* were appointed from those recommended by the said regional assemblies.

The campaign to restore order in Mindanao has been successful because of the understanding demonstrated in dealing with the rebels. At the same time there has been a complementary effort to alleviate social and economic conditions in the Muslim areas. We matched the forceful military solution with attractive benevolence and a socio-economic development program.

The hopeful signs of development in Muslim Mindanao are evident today. The local governments have been

strengthened. Infrastructure projects are injecting new life into the economy of the region.

Political Reforms

The institution of social and political reforms, to benefit the broad masses of our people, formed a complementary concern for the restoration of order and the securing of the Republic.

Our political development, like our new approach to international relations, derives from our growing confidence in our national security, the people's capacity to defend themselves against internal and external threats.

We must not lose sight of the fact that the palpable stability of our present political system emanates from the power of the people. Nothing that has been done in the past decade is the handiwork of any single man. By means of unity and discipline, and their new awareness of the future and its unremitting demands, the Filipino people have achieved a new power: the power to overcome obstacles and create new dimensions in their life.

This power comes from the barangays. For the political reforms which we have introduced along with the restoration of public order and safety, which included the reorganization of the government, retrieved as well from the ancient past the Filipino concept of the barangay as the basic unit of community development and political action.

Through the barangays we feel and perceive, we discern and decide. To effect a wide-ranging revamp of the government machinery, therefore, we set up the Tanodbayan and the Sandiganbayan as the people's instrument against corruption in government.

Political reform brought about the reorganization of the prosecution service, and, through the Batasang Pambansa, is now in the process of reorganizing the judiciary.

We have elevated the quality of the civil service through professionalization, training and better incentives to excellence in the form of increased salaries and improved working conditions.

Reflecting the spirit of reform was the passage of the new Constitution by a convention that opened in 1970, its ratification at barangay assemblies on January 17, 1973, its weathering of close scrutiny by the Supreme Court which declared in its decision in *Javellana vs. The Executive Secretary* (50 SCRA 141) that "there is no further judicial obstacle to the new Constitution being considered in force and effect," and its further formal ratification on July 27, 1973, by free and secret ballot in a plebiscite conducted under the control and supervision of the Commission on Elections.

The Constitution, although passed and ratified after the promulgation of martial law, contained principles of government which were conceived and approved by the constitutional convention before Proclamation No. 1081 was issued. Among these basic tenets which preceded the declaration of martial law was the parliamentary system whose full implementation the government is now moving.

The new Constitution authenticated several expressions of popular will which followed its ratification, including referenda and plebiscites held on July 27, 1973, February 27, 1975, October 16, 1976, and December 17, 1977. These referenda-plebiscites were conducted to determine, first, whether the people wanted the incumbent President to continue in his position and, secondly, whe-

ther or not the incumbent President should, in accordance with Amendment No. 3 of the Constitution, also exercise the powers of the Prime Minister after the organization of the *Interim Batasang Pambansa* or National Assembly. Such expression of public will was also made through successive elections, starting with the election of members of the interim *Batasang Pambansa* on April 7, 1978, followed by the election of the members of the *Sangguniang Pampook* of the autonomous regions of Mindanao, Region IX and Region XII, and finally the election of local officials on January 30, 1980.

A sustained program of action against corruption, started even before the Tanodbayan and Sandiganbayan were organized, has enabled the national leadership to rid the government of undesirable elements. The present administration is the first one in which an anti-graft campaign has been successful; cases have been filed and officials punished.

In the military, 8,884—more than 9,000 including members of the Integrated National Police—have been punished for abuses they had committed. The Tanodbayan, in its zeal to perform its responsibility, even initiates investigations of officials and employees on the basis of mere anonymous complaints.

Under the martial law government legitimate political dissent received full protection, although constant vigilance has been exercised to protect the government and society from the inroads of subversion and violence.

The case and attention given by the government to distinguish between legitimate political dissent and subversion or violence has promoted greater citizen aware-

ness of the contribution they expected to make to the peace, security and stability of the nation.

A widely accepted innovation in democratic government has been the election of representatives of the youth, labor and agricultural sectors in the *Batasang Pambansa* and in the *Sanggunian*, a system which permits three important segments of society to participate directly in legislation.

Economic Reforms

Surveying the last decade, the first and most obvious thing we can be proud about is the creditable job we have done in ministering to the health of the nation. We have written during the last eight years or so perhaps the greatest success story in our national history. Whatever our shortcomings in other areas may be, nobody can seriously doubt our ledger of achievements in economic development.

When I took the fateful decision of September 21, 1972, I was immediately faced by many other big decisions. Grim prospects of worldwide recession and mounting economic pressures and uncertainties filled the international scene. It need not be recalled that the decisions we took to strengthen the nation against the effects of a major turbulence, presaged by a rash of events including the commodity boom and accelerating inflation in 1972-73, the food and fertilizer shortages of 1973-74, and the quadrupling in the world prices of oil and petroleum products, were taken in the midst of great trouble in Mindanao and dissidence in some parts of the country, not to mention the fearsome natural calamities which visited our country during those periods.

Equally perturbing were the double digit inflation rates and balance of payments difficulties plaguing the

economies not only of developing countries but also those in the higher rung of the income ladder. The Philippines was—and remains—vulnerable to these external developments. Threatened by such grave economic conditions, nations reflexively responded by contracting their economy, resorting to the traditional and orthodox technique of withdrawal. With the tightening of credit, economic activity tended to slow down.

The strategy we have adopted is, on the contrary, to continue the momentum of our creative and productive activity. We saw no wisdom in halting existing projects. Instead, wherever possible, especially with respect to short-gestation projects, we strove to expand the economy. We however spent with greater prudence and planning, making sure that money went only into greater production. Inasmuch as three-fourths of our people live in the rural areas and draw their sustenance from agriculture, we endeavored, as a matter of highest priority, to realize our full potential in agriculture, principally food production.

The record shows that we have moved in the right direction. We have been managing our economy on the basis of short-range, medium-range and long-range plans carefully and realistically drawn. Thus, we have the current five-year plan (up to 1982), the ten-year plan (to 1987), and the 25-year plan up to the year 2000. A statistical measure of our development efforts appears in the Appendix.

Philippine Economic Performance. Although the Philippines faced massive problems in the early 1970s, strong economic management has made possible improvements in the rate and structure of economic growth. It is a record of achievement well noted by international economic and financial institutions, particularly the World Bank, which regards our record of growth as “one of the

most impressive in the developing world." Among others, the World Bank points to the following landmarks of our economy: the rate of our real growth accelerated from 5% to 6%; agricultural production was expanded at 5% per year, one of the highest rates in the developing world, and self-sufficiency was achieved in rice, the country's staple food; fixed investment was raised from 16% to 25% of GNP, with the share of public investment increasing threefold from 2% to 6% of GNP; the growth rate of exports was doubled in real terms from 5% to 10% per annum, with the share of non-traditional exports rising from 7% to 46%; many important programs have been launched in rural water supply, transportation, and electrification, urban development, health and family planning; disciplined monetary and fiscal management has become a tradition; key institutions in both the public and private sectors have been strengthened; and the rate of population growth was reduced by one-fifth, from 3% to 2.4%.

Thus, economic reform enabled the nation to maintain the momentum of growth at an average of 6 to 7 per cent from 1970 to 1980, a period wracked by repeated crises mostly generated by external factors, in contrast to the comparatively placid and prosperous decade of the '60s when the growth rate was below 5 per cent.

Enlightened economic management also converted the Philippines from a rice-deficient country (its last importation, in 1974, was \$500 million) to a rice-exporting country; enabled the nation to diversify its exports, from the four traditional items (consisting of sugar, coconut products, wood products and mineral ores which together comprised 80 per cent of our exports before 1966 and now constitute only 45 per cent) to a broad new range of products, including electronic items, semi-processed food and

raw materials, garments and cottage industry products; developed an accelerated energy program whose scope and robustness have been acknowledged by most member-countries of the United Nations as well as by recognized experts and scientists; undertaken a vigorous electrification program which has increased the number of rural households with access to electricity from 76,000 in 1972 to more than a million in 1980; in sum, produced these economic indicators—

a) The Gross National Product increased from ₱55,526,000 in 1972 to ₱192,911,000 in 1979 at constant prices or ₱269,781,000 at current prices;

b) The budget has increased from ₱5 billion in 1972 to ₱55 billion in 1981, government capital expenditures from a mere ₱0.9 billion in 1972 to ₱14.9 billion in 1979;

c) Collections of government from taxes have increased from ₱5.1 billion in 1972 to ₱36.6 billion in 1980;

d) Per capita income has more than trebled from US\$214 in 1972 to US\$755 in 1979—in 1972 the percentage of Filipino families with a family income of ₱1,999 and below was 24.3 per cent while in 1979 it was reduced to 11.2 per cent, and those with family incomes of ₱30,000 or over increased from 5.0 per cent in 1972 to 12.8 per cent in 1979;

e) Total exports increased from US\$1.106 billion in 1972 to US\$5.935 billion in 1980;

f) Showing the stability of our currency, notwithstanding the fluctuations of the dollar, the rate of exchange of the peso to the US dollar has barely moved from the 1972 rate of 6.6710 to the 1979 rate of 7.3775;

g) Savings and time deposits increased from ₱5.402 billion in 1972 to ₱49.116 billion as of September 1980;

h) Effective minimum wage increased from ₱4.75 daily in 1972 to ₱23.30-₱24.70 in 1980;

i) Gross domestic investment increased from ₱11,573 million in 1972 to ₱78,198 million in 1980, while gross national savings increased from ₱11,679 million in 1972 to ₱62,395 million in 1980;

j) The debt service ratio has been reduced from 20 per cent of foreign exchange earnings in 1972 to 18.7 per cent of foreign exchange earnings in 1980, lower than the statutory ceiling of 20 per cent. IMF and World Bank estimates are even lower at 15-16 per cent indicating the still conservative level of external borrowings. In other countries like Mexico and Brazil, debt service ratios are higher, at 28 and 60 per cent, respectively;

k) The international reserves were increased from US\$282 million in 1972 to US\$3.1 billion in 1980; and

l) The inflation rate has been contained at less than 15 per cent, which is very much below the inflation rates of most countries, which range from 20 per cent to 25 per cent.

These accomplishments were attained in an external environment which can at best be described as difficult. Two oil crises, two major recessions, a sharp acceleration in international inflation, rising protectionism in the industrial world's markets, and secular deterioration in the Philippines' external terms of trade affected the march of progress in general.

Nonetheless, there has been substantial further progress in the previous year. A major industrial reform program has been successfully launched. Tariffs and other protective trade restrictions have been lowered, and comprehensive improvements have been made in export

incentives. Banking laws and regulations have been reformed to increase competitiveness, flexibility, and efficiency of the financial system. Interest rate policy is currently being visited to eliminate distortions and establish market-oriented rates. These industrial and financial reforms should lead to major long-term improvements in both the balance of payments and the rate of employment creation.

In my book *Today's Revolution: Democracy*, I said: "I believe that in our precarious democracy which tends towards an oligarchy because of the power of the wealthy over the impoverished many, there remains a bright hope for a radical and sweeping change without the risk of violence. I do not believe that violent revolution is either necessary or effective in an existing democracy."

In retrospect, the development strides which have taken root within the last eight years only serve to strengthen the truth of this credo.

Today, the oligarchs have lost effective control of our society. If they continue to pursue legitimate economic undertakings, they do so within the purview of the broader goals of democratization set by the New Society.

Unequivocally, it must be said that without martial law, our objective of attaining an equitable and just society would not have been achieved. Conditions prior to the proclamation of martial law would have, without doubt, militated against such a possibility.

In a number of studies prepared by the defunct Congressional Economic Planning Office, a study group created and placed under Speaker Jose B. Laurel, Jr., of the House of Representatives, the Philippine economy was des-

cribed as being in a state of crisis. This economic crisis although deeply rooted in history, was further aggravated by the apparent lack of coherent development plans from 1946 until the proclamation of martial law.

Within a period of twenty years, the Philippines had no less than 18 different national development plans, or an average of one plan a year. Consequently the economic performance neither had growth nor direction. This absurd situation came about as a result of what may then be considered as a disorganized, if not anarchic, Philippine form of government.

Thus, on the eve of martial law, the rhetoric of crisis gave way to a crisis of economic confidence. The CEPO in 1969 brought out six areas of crisis in the economy: the unemployment situations, archaic retrogressing economic situation, the foreign exchange and monetary crisis, the fiscal crisis, the income distribution situation and the alienation of the economy. Indeed, these economic crises could no longer be contained unless radical measures were to be undertaken.

In historical perspective, it may be stressed that had martial law not been declared, the entire economy would have collapsed and as a grave political consequence, two things may have happened:

- (1) The social volcano would have exploded with the poor taking their vengeance on the rich oligarchy, or
- (2) because the most sensitive and strategic areas of the economy were in the hands of non-Filipinos, foreign military intervention would have taken place. Either way, the Philippines would have become another bloody battleground.

Considering the world-wide economic situation during the past eight years, we can take pride in saying that we have not only weathered the crisis, we have even succeeded in attaining a respectable degree of economic development. Offhand, one can think of at least eleven major economic issues or events which, had we not been capable and persistent, would have led to the collapse of our economy and ultimately, our nation.

During the period 1972-1980, we came face to face with a number of grim events, all of which had vital economic consequences. It would do us well to review these briefly:

- (1) The disastrous floods of July and August in 1972 resulted in massive destruction of land and infrastructure and in a food shortage of emergency proportions.
- (2) The secessionist movement that led to the paralysis of the regional economy in Southern Philippines and the dislocation of the entire communities in that area resulted in an expensive military and refugees assistance program.
- (3) The energy crisis that was ushered in late in 1973 and which continued unabated throughout the rest of the decade has resulted in runaway inflation and economic slowdown.
- ✓(4) The defeat of the United States in Indochina resulted in a contraction of our exports.
- (5) Concomitantly, the resulting refugee problem led to economic disruption.
- ✓(6) The bold decision to enter into diplomatic and economic relations with socialist countries in mid-

decade, on the other hand, led to a situation where we were able to diversify our export markets.

- ✓ (7) With the end of the Laurel-Langley Agreement and of so-called special rights for American nationals in the Philippines, we were able to diversify the scope of foreign investments.
- ✓ (8) The world-wide monetary crisis, however, resulted in heavier foreign indebtedness as our peso, pegged to the declining US dollar, fell in value.
- ✓ (9) The global economic recession that followed also resulted in the contraction of our exports.
- ✓ (10) The U.S. grain embargo also had its effects on our economy as it caused the decline of coconut prices in the world market, thus depressing one of our principal exports.
- ✓ (11) The Iranian crisis, finally, caused a shortfall in our oil supply, that country being one of our principal suppliers.

It is in the light of these events and their consequences that we would now like to review, firstly, the scenario that would have taken place if martial law had not been declared and, secondly, the scenario that did take place under the aegis of martial law.

★ ^{Conclusion} Thus, if martial law had not been declared, the following would certainly have taken place:

- (1) There would have been no integrated program for the reconstruction and development of Luzon following the destructive floods of July and August of 1972. Consequently, we would have gone into massive importation of food and grains.

- (2) The secessionist problem in the south would have drawn a purely military solution, something close to genocide and practically inviting open military intervention.
- (3) The oil supply crisis would have precipitated full control over the domestic oil situation by the multinationals or the infamous Seven Sisters. Certainly no effort would have been made to establish an independent national oil company.
- (4) Following the US defeat in Indochina, there would have been no impetus on our part to pursue an ASEAN economic accord.
- (5) The refugee situation would have been met with indifference rather than with compassion for the human rights of these displaced persons.
- (6) Without opening up to the socialist countries we would have remained at the mercy of the Western economic bloc and to the limited markets that they offer.
- (7) The monetary crisis would have resulted in a more massive devaluation of the peso.
- (8) There would have been nominal participation in UNCTAD and other Third World-related organizations.
- (9) We would have been led to agreeing to an extension of the Laurel-Langley Agreement and of parity rights.
- (10) There would have been an intensification and strengthening of vested interests in traditional coconut production.

- (11) Finally, there would have been no compelling reason for us to develop better relations with the countries of the Middle East.

☆ On the other hand, we must consider the following which did take place under martial law:

- (1) An integrated assault on our most basic problem, that of agricultural production, under the following government programs, viz., land reform, Masagana 99, the Green Revolution and expansion of irrigation systems.
- (2) A humanitarian approach to the secessionist problem in the South, the linchpin of which was a massive regional development program undertaken by the Southern Philippine Development Administration and other related agencies.
- (3) An integrated approach to the oil crisis including, among others, a socialized pricing system, the establishment of a national oil company and a development program for alternative energy sources.
- (4) A more resolute determination to strengthen ASEAN regional economic cooperation.
- (5) A humanitarian approach to the refugee problem with the setting up of the Morong Resettlement Center, a move that has been internationally applauded.
- (6) Trade expansion to socialist countries, markets which we had banned ourselves from in the cause of the Cold War.

- (7) A more liberal trade agreement with the United States as concluded in October 1979 and membership in GATT.
- (8) More access to international finances, upgrading of credit worthiness and an enhanced tourism program.
- (9) The development of a national export strategy and more active participation in UNCTAD and other international trade bodies.
- (10) Diversification into coconut processing and away from traditional coconut production.
- (11) Diversification of resource exploration, research and development and intensification of Middle East relations.

The economic performance of our country therefore would have remained at a standstill had we not been resolute enough. Prior to 21 September 1972, what we had was a disorganized government. The bicameral system had difficulty in making up its collective mind on many vital issues. What was worse, legislation was vulnerable to the pressures exerted by vested interests.

The decade of the 1970's, being roughly the first decade of the New Society, demands an evaluation of Philippine economic performance during that period which must be taken within the proper perspective, viz., extremely uncooperative weather at the start of the 70's, culminating in the Great Flood of 1972; the rebellion in the South; the oil crises and world-wide inflation. These were circumstances that called for "dynamic flexibility," which the New Society provided.

Under martial law, finally, it must be observed that we have managed to maintain the historical trend of the GNP rising slightly faster than 6% per year, corrected for inflation. Since population growth has decelerated, it follows that the growth of per capita income has exceeded the old trend. With per capita GNP now above the \$500 mark, the Philippines is now regularly referred to as a "middle income" country.

Infrastructure Development. The economy gained incalculable benefits from the roadbuilding program, which has built 65,972 kilometers of highways from 1969 to 1980, compared to the 84,722 kilometers built between 1900 and 1965, as well as from the accelerated program of irrigation, which has produced irrigation systems for more than 1,300,000 hectares as of 1980, in contrast to the systems built from 1900 to 1972, which could serve no more than 600 thousand hectares.

International Reserves and Foreign Borrowings. Under the New Society, foreign loans have been rationalized. Short-term loans, which comprised 90 per cent of foreign borrowings under the previous administration, were converted to long-term loans. These foreign loans are not made to support ordinary or current expenditures, instead are utilized exclusively for capital expenditures aimed at productive enterprise. They are therefore self-amortizing and self-regenerating.

Before the administration of the incumbent President, the credit standing of the Philippines was notoriously low, so much so that the World Bank was not willing to lend more than \$40 million a year. During the present administration, the Philippines has become so dependable a borrower that the World Bank has been willing to lend \$500 million at any single time indicating the competence

and stability of the Philippine government, which has never been delinquent in its payments.

Mr. S. Shahid Hussain, a well respected World Bank official representative, has this to say about the dependability and creditworthiness of the Philippines: "Because of the structural improvements of the last decade, the Philippine economy is in a reasonably strong position to face the challenges of the '80s. We have great confidence in the economic management of the Philippines and its ability to deal with these challenges."

In the previous administration the government could hardly borrow any amount in view of its inefficient handling of borrowed funds, lack of coordinated economic planning, and the hazy policies of leadership. Aggravating the situation were government threats of confiscation of private enterprise.

The Philippines has excellent relations with the World Bank. Today, the World Bank Group assistance committed to the Philippines totals about \$2.8 billion. This assistance averaged only about \$30 million a year in the 1960s but has expanded throughout the 1970s, reaching an average level of almost \$420 million in the last three fiscal years. About one-third of the recent lending has been for agriculture and rural development; one-third for basic infrastructure; and the balance for the social sectors and industry.

In continued support of the Philippine government's efforts at alleviating poverty, a large portion of World Bank assistance would also concentrate on projects benefiting low-income groups. Lending for agriculture and rural development is likely to remain the largest single element in the lending program, with strong emphasis on

raising the incomes of small farmers, particularly those in rainfed areas. Social sector lending will include education, health, slum upgrading and population planning projects.

Government Revenues. To finance the development program, the government has intensified its efforts at revenue collection. About 60 new revenue measures have been implemented, generating in the process about ₱2.7 billion since 1976 to 1980. These new revenue measures plus the improvement of collection procedures have stepped up revenue collection activities in 1980.

We have increased the direct taxes. Before 1965, only 1.5 million tax payers filed income tax returns; in 1980, 5 million tax payers filed returns. The corporate tax was also increased by 5 per cent to 40 per cent. Indirect taxes have been reduced comparatively and even suspended when the situation required. Incentives to new industries are of this class. The indirect taxes are so structured that higher taxes are imposed on luxury goods, these being the items desired by the rich or are normally available to them. The government protects the welfare of the poor by imposing very low taxes on essential items. This is evident in food items and in crude oil products—low taxes are imposed on diesel and industrial fuel, higher taxes on gasoline.

The taxes have been altogether moderate. In other countries, taxes collected constitute from 17% to 25% of the Gross National Product. In the Philippines, taxes are only 14% of the GNP.

Also in line with our commitment to promote the welfare of the poor, we have deliberately controlled the prices of 15 essential items. We have set up the Kadiwa Centers of the Human Settlements Ministry and the National

Grains Authority to bring down prices even more. A massive food production and supply system has been established under a new corporation, the National Food Authority, to which the NGA has been converted with a capitalization of P5 billion.

The large and cumulative oil price increases between 1979 and 1980, which in turn resulted in soaring prices of the country's imports, was basically responsible for the country's double-digit inflation experienced in the same period.

However, the country has succeeded in tempering domestic inflation below the rates of increase in international oil prices. While global oil prices grew by 49.3 per cent between 1978 and August 1979, and 58.2 per cent up to August 1980, annual inflation has been held down to 14.9 per cent as of November 1980 after rising by as much as 23.8 per cent in March 1980.

Domestic goods with imported inputs showed a higher 24.4 per cent inflation than goods of mainly domestic origin (16.7 per cent) indicating the significant influence of higher import prices on the domestic price level.

These figures are also lower than the inflation experienced by other Asian countries. Korea's and Thailand's inflation reached much higher rates of 28 per cent (June 1980) and 19.7 per cent (December 1980), respectively.

Underlying the economy is the basic policy to uphold private enterprise. We have never confiscated or nationalized private enterprise, and there is absolutely no intention to take this socialist course. The previous administration threatened to do so, that is why investments before the present administration were discouraged from enter-

ing the Philippines. The situation created by the threat of the past administration to confiscate or nationalize private enterprise was corrected with the organization of the National Economic and Development Authority and the Board of Investments.

Egalitarian measures consist of progressive taxation, regional development, agrarian reform, employment generation and delivery of massive social services.

Specifically, we have increased social security coverage to 8.9 million Filipinos, expanded medicare services, and created a housing fund.

In support of these measures, the national government budget has expanded from P7.3 billion in 1972 to P45.4 billion in 1980, of which an average of 27 per cent has financed the provision of social services like health, education, community development and housing.

— Response to the Energy Crisis. Martial law provided the opportunity to install the requisite institutions for coping with the energy crisis now and in the future, starting with the formulation of a comprehensive, long-term program which has been singled out by the World Bank as a suggested model for Third World Countries. The program includes the mobilization and recruitment of the critical manpower to undertake the various activities of energy exploration and development which made possible commercial oil production for the first time in 1979 and made the Philippines the second largest developer of geothermal energy by 1980.

Our energy program also includes fuel processing and refining, planning and construction of the energy delivery logistics, power generation and transmission infrastructure, as well as research and development and diffusion

of alternative energy forms and technologies to cover fossil fuels, biomass, energy farms, wind, wave, tidal and solar power, all the way to more energy-efficient devices, machines and appliances that should spawn rural energy systems.

Until 1973, oil importations never exceeded 13 percent of the total Philippine import bill. By 1978, however, this figure reached 23.3 percent and increased further the following year. Within six years, oil had edged out other vital imports. This is so because we are a developing country with a burgeoning population that consumes so much energy. In the mid-Sixties, the 36 million Filipinos were averaging a per-capita annual energy consumption of some 1.1 barrels in oil equivalent. By the late Seventies, our per capita energy consumption every year reached 1.8 barrels in oil equivalent on a greatly increased population base of 45 million.

When OPEC-induced oil price increases came in 1973, the Philippines had already been sourcing 80 to 95 percent of its commercial energy requirements from petroleum. As oil was abundant and relatively inexpensive through the 1960s, most of the world's economies including ours became increasingly dependent on this energy resource. Along with the rest of the progressive nations, the Philippines adopted a petroleum-based economy characterized by the use of mechanized and energy intensive method for agriculture, industry and manufacturing processes.

Oil has singlehandedly accounted for about 71 percent of the perennial trade imbalance we have been experiencing since 1974. To the Filipino consumer, the tenfold increase in oil price means paying more and more for essential goods and services.

This year the price of crude oil, our dominant industrial fuel, will again increase by a substantial amount, at a time when targetted economic growth will require another increase in energy consumption. The compounding pressures from both increased demand and oil price hikes, will definitely strain our momentum toward economic takeoff.

The dexterity with which we manage the energy sector, therefore, will determine how successfully we cope with this nagging problem.

We started our domestic oil production in mid-1979 from the NIDO oilfield which registered a flow rate of 40,000 barrels per day or 17 per cent of our daily consumption of 235,000 barrels. The 9.1 million barrel production in 1979 reduced oil imports by 8.2 per cent. Other discovery wells expected to commence in 1980 may increase indigenous oil production to 25 per cent.

We dug 28 exploratory wells in 1978, thirty-three more have been blueprinted for 1980. Our exploration program envisions the drilling of at least 200 oil wells of which 149 will be located offshore, 51 inland. In order to provide scientific basis for the drilling program, we shall shoot 61,000 kilometers of seismic lines under a well studied geological and geophysical timetable.

Local oil production is expected to rise gradually from ten million barrels in 1979 to about 47 million barrels by 1989. With the entry of indigenous oil into the energy mainstream, local production will substitute 16 percent of oil demand in 1980, 25 percent in 1983, 29 percent in 1984, and 41.1 percent in 1988.

By our own efforts we hope to produce sufficient energy supplies to carry out our cherished economic and

social development objectives. In formulating the program, we were guided by three important considerations, namely:

1. That energy supplies should be available when we need them, in adequate volumes and secured against supply interruptions. The public should be able to afford the prices, and the supplies should be in the form and locations convenient and accessible to the consuming market.

2. That energy supplies should be utilized as efficiently as possible. Wasteful and luxurious consumption shall be discouraged.

3. That the production of these supplies and their utilization shall be conducted without spoiling the environment.

In other words, we intend to develop adequate and timely energy supplies, improve on the methods of delivering these to end-users, and promote the increased use of various energy forms in hitherto isolated or inaccessible areas.

To accomplish this, we decided on at least seven approaches: spreading the sources of petroleum supply for increased security and reliability; accelerating the production of and shift to indigenous energy forms like coal and geothermal which are renewable and abundant in many parts of the country; upgrading the methods and facilities for efficient handling, storage and distribution of supplies; giving priority to the task of developing energy resources for rural areas; expanding oil storage facilities as a hedge against supply distributions; strengthening fuel trading arrangements with other nations; and intensifying research and development projects involving alter-

native energy resources for practical and widespread use in the countryside.

Geothermal steam for electric power generation was first successfully harnessed on a commercial scale in 1979, with power stations in Luzon providing a combined capacity of 220,000 kilowatts. The other developed geothermal fields are located at the Makiling-Banahaw area in Laguna and at Tongonan, Leyte. Now we are developing five additional fields in Manito, Albay, Palimpinon in Southern Negros, Mambucal in Negros Occidental, Manat in Davao, and Kalinga in the Mountain Province.

Current drilling and surface exploration activities are programmed to bring the number of wells to 528 by 1988. By then, assuming that the discovery ratio is sustained, we shall have increased our geothermal steam availability to 1,895 megawatts. This implies an addition of 1,590 MW over a ten-year period to the 305 MW steam capacity generated over the past couple of years. Programmed installation of power-generating plants, on the other hand, will add up to 891.5 MW at the end of ten years.

The gravitational flow of water in huge amounts offers another regenerative energy source. Major rivers and tributaries throughout the country promise considerable kinetic energy. We have many hydroelectric projects mainly for flood control and irrigation purposes. To date, about ten percent of these potential hydro installations have been developed.

In addition, mini-hydro sites with preliminary hydrologic data indicate the possibility of yielding 887 MW. Luzon has many storage and multipurpose hydro projects. Sufficient rainfall allows the government to take advantage of this energy resource.

Extensive work has been done to exploit the possibilities of other river sites. Five other hydro power plants in addition to the Agus project are in various stages of construction in Mindanao. These plants when completed shall generate a total of 590,000 kilowatts for the Mindanao grid. In Luzon, three hydroelectric plants capable of giving us some 670,000 kilowatts altogether, are also under construction.

The alcogas development program has been launched along with other non-conventional energy projects. We shall soon be using direct solar radiation, wind energy, biomass resources including alcohol, integrated rural energy systems, hot springs, and surface gas emanations.

Among the nonconventional energy sources which our scientists are now studying are managed-energy crops such as Ipil-Ipil, which shows great promise for power generation, and sugar cane, which can be converted into alcohol fuel. Once commercially produced, alcogas or power alcohol proportionately blended with gasoline could displace as much as 15 percent of the country's total annual gasoline consumption.

The main thrust of our nonconventional energy program is the widespread application of simple available technologies in the rural areas to suit the day-to-day problems of our people.

In sum, the local production and utilization of energy sources other than oil will considerably increase in the coming years so much so that our dependence on oil will correspondingly diminish. We are therefore confident that by 1988, we shall be able to draw 54 percent of our energy requirements from indigenous sources. Of the local non-oil sources, hydroelectric energy will contribute the largest share: 22.3 million barrel equivalent (MMB), or 12 percent

of total energy supply. Coal will account for about 19.8 MMB, or 10 percent of the energy mix. Geothermal and nonconventional energy sources will provide the balance.

Large-scale production of indigenous coal requires the installation of logistical networks and development of local markets. Local coal users and the coal fired plants of the National Power Corporation, whose aggregate capacity is expected to reach 1,325 megawatts by 1988, will initially absorb the ores from revitalized coal mines. These two sectors are currently using 265 thousand metric tons of coal, but within the next seven years their combined consumption rate is likely to increase to about 5 million metric tons.

Nonetheless, these coal users may not be able to absorb the coal ores that will be produced when all the mines to be tapped begin operating simultaneously. For this reason, we are encouraging the conversion of all cement plants into coal-fed concerns, to help absorb the tremendous coal we shall be producing in the near future. Intensified coal exploration work has established proven coal reserves amounting to 175 million tons. Coal production, meanwhile, rose from 39,000 metric tons in 1973 to 260,000 metric tons in 1979. The coal industry is programmed to continue growing.

New coal mines in Semirara Island and in Naga, Cebu resumed operating last year. Other coal areas in the Batan Island, Polillo Island, Surigao del Norte, Zamboanga del Sur and Cagayan Valley will eventually boost the 5,400,000 metric ton production rate envisioned for 1988.

We have likewise stepped up uranium exploration. Programmed for geochemical prospecting after preliminary surveys have been completed is a 102,000-square kilometer area covering sixteen prospective uranium sites all

over the country. The Getty Mining and Benguet Consolidated firms have conducted a limited uranium airborne survey of 250,000 hectares in the Bicol region under an exclusive one-year exploration permit. This undertaking marks the first entry of private interest into uranium prospecting.

Industrial Progress. The ultimate objective of our economic policy is a balanced agro-industrial economy. This is why we are shifting slowly to the 11 principal industries which are needed for the fulfillment of this objective. We can therefore hope that in time we shall cease completely to import factories and heavy machinery and will instead engineer and fabricate them. We are even now in the process of gradually manufacturing automobile, heavy truck and diesel engines.

These eleven basic industries are in the process of being set up: copper smelter, phosphate fertilizer, aluminum smelter, heavy equipment industries, integrated steel mills, petrochemical complex, diesel engine manufacturing, cement industry expansion, coconut industry rationalization, alcogas, and integrated pulp and paper.

Overall Economic Performance. In sum, the Philippine economy experienced a growth in real output, as measured by the Gross National Product (GNP), of 5.7 per cent in 1980. Per capita GNP grew by 2.3 per cent. In present peso terms, the GNP is now ₱269.8 million, or ₱5,660 per member of the population.

Development policies in all sectors—agriculture, industry, energy, infrastructure, and services—have been able to overcome the difficulties brought about by negative factors that served to drag the world economy into a more serious recession. In order to neutralize any possible deterioration of external factors, manufacturing and

agriculture need to become more trade-oriented and competitive. Moreover, as the 1980 experience indicates, new sources of internal growth such as mining, construction, and services need as much dynamism to broaden and sustain the growth momentum.

The international environment for 1981 remains uncertain. However, recent policy reforms supportive of the economy's restructuring should provide impetus to development in this critical period. Specifically, a more competitive and trade-oriented economy is imperative. Thus, economic expansion, although just as difficult, can be sustained at a level better than that of 1980. The revised growth rate for 1981 is a real growth of 5.9 per cent of GNP.

To promote and enhance the general welfare and well being of the people has always been the ultimate goal of the crisis government under the New Society. Time and again, we have held out the belief and conviction that while we must strive resolutely and hard towards the attainment of full economic development within the limits of our capabilities and resources, we should also ensure that the benefits of development and progress shall be shared by the great masses of our people and not just by a privileged few. This guiding principle has consistently been the basic social policy of the government under martial law and it has been translated into concrete terms.

We have repeatedly emphasized and maintained the view that economic development would be a meaningless activity if it were limited to the mere production and accumulation of wealth. To our mind, development has a social dimension and the development process should be measured not only in terms of increasing the Gross National Product and setting up new industries, but also

in terms of how it improves the living conditions of our people as a whole. This is what we have called the democratization of wealth. And on this basis, we have placed the welfare of the people and the promotion of the common good at the center of our economic development plans and efforts.

To be sure, the social orientation of our development policies and programs has a firm historical foundation. From our analysis of our national experience we have realized that many of the grave problems which had been confronting our people and our government for decades were originating from a common cause: the deficiencies and abnormalities embedded in our economic system. In the past, we had an economic system which was apparently designed to elevate the few through the degradation of many, where the virtually 90 per cent of the nation's wealth was in the hands of a privileged class, and where poverty was seemingly the unalterable fate of the common masses. It was a self-defeating system because it was conducive to political and social instability and it was doomed to failure because it was destroying the natural gifts of our people, when these natural gifts are essentially the engines of economic growth and progress. We have also learned the important lesson that if we were to survive these problems and to remain a free and self-governing nation, it was imperative that we should aim for the attainment of economic development within a given period of time and in a manner that at least provides for the basic necessities of human life. But just as important as the attainment of economic development, we have also realized, is the need to recast our entire economic system and to institute a new economic order in our society which would be just and fair to the people.

Indeed, after taking a hard and long look at the past, we have come to the realization that it was not the institution of private property and property rights that rendered our economic system almost irrational and destructive of our democratic institutions. What did make the economic order in the past dreadfully wrong was the absence of a definite and firm social policy which would set a reasonable regulation of the acquisition of property and wealth by individuals and direct our economic efforts and activities towards the promotion and advancement of the common good and the improvement of the social conditions throughout the land.

Thus, with the establishment of the crisis government and the New Society, we immediately proceeded to restructure our economic system in order to accelerate the pace of the development process and at the same time we have adopted appropriate measures which would effectively promote social prosperity among the people, particularly among the segments of our population who are living in the rural areas.

We can say with all candor and conviction that the New Society and the crisis government have kept faith with this social commitment and responsibility that I have just mentioned. As the records will show, for the past eight years, the larger portion of the entire government budget had been devoted to the proper and effective implementation of our economic development plans and programs, and to defraying the cost of our social infrastructure and projects which are intended to translate into concrete and tangible realities our basic state policy involving the redistribution of wealth and the equitable sharing of the benefits derived from our national development efforts by all the sectors of our national community.

We can say with reasonable pride that never before in the entire history of our people has the government committed so much of its facilities, funds, and resources to economic and social development than during the past eight years of the New Society, and this fact will forever be a supreme testament to the New Society's paramount concern for the welfare and well being of the people.

In this regard, it would be interesting to examine in more detail the accomplishments of the crisis government in the social sector and what it has done towards the creation of society that would be worthy of our people. These are in the areas of land and labor reforms, health and nutrition, education, and housing and human settlements.

Agrarian Reform. One of the vital causes of social unrest and underdevelopment in the Philippines was the feudalistic nature of landownership in the country before martial law. The concentration of land ownership in the hands of a few helped worsen the problems of widespread poverty, particularly in the rural areas; armed rebellion and secession; criminality; and such other social problems as unemployment, squatting, corruption and others.

Thus, for decades various efforts had been exerted by the government to institute and effectively implement a comprehensive land reform program, to change the structure of land ownership and provide solution to serious national problems spawned by landlordism. In spite of the efforts of many administrations, however, no significant headway was accomplished in the decades preceding the proclamation of martial law and the establishment of the New Society. The strong and stubborn resistance of the landlords, the concerted legal obstructions interposed, the technical and technological deficiencies—all these and a host of other factors served to undermine attempts to ins-

titute an authentic land reform program in the Philippines. The failure of past programs worsened the deplorable living conditions of the Filipino masses and swelled the ranks of malcontents, ultimately resulting in a situation gravely endangering the survival of the Republic and the institutions of freedom and democracy in our land.

Land reform, therefore, became a cornerstone of the reform society ushered in by martial law, a rallying cry of government in the pursuit of its long-range goal of recovering the substance of democracy, restoring individual rights and promoting the welfare of the Filipino people. Since 1972, land reform succeeded in liberating 1,000,000 farmers from the shackles of tenancy and transforming landownership from a system of exploitation to a self-reliant and creative act. As a result of the beneficial policies adopted under the land reform program, the income of the Filipino farmer has increased twofold in some areas, threefold in others, a condition altogether different from the times when land reform legislation repeatedly failed because Congress was controlled by landowners, giving rise to the Hukbalahap uprising and other security problems which prompted the declaration of martial law.

The land reform decree which we have promulgated in one sweep eradicated the centuries-old condition of the typical Filipino farmer which virtually imprisoned him in indebtedness, a condition handed down from one generation to another, and converted him from a mendicant to a self-assured and dignified individual. Part of this new life granted to the farmer was the capability granted to him for self-reliance, liberating him from the tentacles of usurious landlords by limiting payments for the land allotted him by the latter to a part of the harvest.

The New Society also extended the newly liberated farmer credit without collateral and gave him irrigation, farm-to-market roads, the assistance of technologists, subsidized fertilizer and pesticides, a guaranteed and established minimum level of price for rice and other cereals under the National Grains Authority (now the National Food Authority), a policy responsive to changes in the economic situation.

To be more specific, there had been three major land reform programs or measures undertaken in the past six decades before the massive land reform program of the New Society was launched in 1972.

The first was undertaken by the American colonial administration when it purchased some 160,000 hectares of so-called friar lands for redistribution and announced a program involving the distribution of public lands through homesteads. This agrarian experiment of the American regime, however, was abandoned in favor of promoting the rapid growth of agricultural exports through the exploitation of large estates, and also to accommodate the local landed interests which the regime considered to be vital to its own existence.

The second was carried out sometime in 1954 and 1955, when two laws were enacted setting a ceiling for landholdings in the country, introduced an equitable formula for crop-sharing between the landlord and the sharecropper, provided for the expropriation of big landed estates for redistribution to the landless people and opened up resettlement areas.

The third, and most ambitious, was the land reform program under the Agricultural Land Reform Code of 1963. It reduced the land ceiling established in the aforementioned laws passed in 1954-1955. It provided for a

two-stage conversion of the sharecropper into a leaseholder and the leaseholder into an owner-operator, and for a package of services designed to be made available to the land-reform tenants in the form of legal assistance, co-operative development, and other benefits. But the said Code suffered from serious deficiencies. It provided no timetable for its implementation. Moreover, the Code was hampered by lack of administrative and financial support, mainly because of the stiff opposition generated by the landlords and their minions. Thus, eight years after its passage, the accomplishments of the Code were extremely restricted. Some 50,000 sharecroppers had become leaseholders and of this number, about one-fourth had registered written contracts fixing the rent, and some 4000 leaseholders had become owner-operators.

In contrast to all this, it can be said that the achievements of the New Society in the field of land reform, particularly during the period of martial law, have been nothing less than monumental.

Immediately upon the proclamation of martial law in September 1972, I launched a massive reform program to change the system of landownership in the Philippines radically, in such a way as had never been seen in this country before. Five days after martial law was declared, I issued Presidential Decree No. 2 proclaiming the whole country as a land reform area. A month later, on October 21, 1972, I signed Presidential Decree No. 27, marking the emancipation of the tenants and providing for the transfer to them of the ownership of the lands they tilled.

The land reform program of the New Society has the widest coverage in terms of farmers and farmlands ever effected by any similar program in our history. It also provides a comprehensive package of services to the land

reform farmers such as credit, agricultural extension, co-operatives, rural electrification, infrastructure projects, and the development of small and medium-scale industries to give the farmers supplementary employment opportunities and sources of income.

As of December 29, 1980, "Operation Land Transfer," the redistribution scheme of the agrarian reform program under the new dispensation, has posted an impressive record of accomplishments. The identification of tenant-farmers and their respective landowners, and the parcellary sketching and mapping of their individual farmlots have been completed by the Ministry of Agrarian Reform. This involves a total of 396,082 tenant-farmers working on an aggregated area of 730,734 hectares of farmlands.

Operation Land Transfer, it may be noted, is a process which also involves the issuance of what is known as the "land transfer certificate," which gives the tenant-farmer a legal claim to the ownership of the land. The recipient of the certificate may use it as a collateral for a farm loan from any financing institution. As of December 1980, a total of 520,841 land transfer certificates have been issued to 372,540 farmer-beneficiaries working an area of 622,505 hectares. These figures come up to 94 per cent of the overall performance target. In addition, some 2,461 emancipation patents have been issued, benefiting about 1,667 farmer-beneficiaries. Computed on the basis of six persons per family, it can be properly stated that approximately 2,376,492 persons have benefited from the land reform program of the New Society.

Under the present land reform program, the land ceiling was reduced to seven hectares, and for lands with seven hectares or below, in place of sharecropping, a lease-

hold system of legally fixed rent was established. In this regard, it may be mentioned that as of December 1980, some 619,642 tenant-farmers have been identified and placed under the leasehold system, working on an area of 760,575 hectares, and of this total number, 543,376 tenant-lessees or 90 per cent of the total number of tenant-farmers intended to be covered by the leasehold operation, have leasehold contracts. Based on the average level of six persons per family, it can be said that the leasehold operation of the present land reform program has benefited a total of 3,717,852 persons in various parts of the country.

The financial requirements for the transfer of lands to the tenant-farmers, through the land transfer operation, are shouldered by the Land Bank of the Philippines, which is the main financing agency for land reform. As of December, 1980, the total cost of land financed by the LBP amounted to ₱1,243,551,467.44, covering 88,321 tenant-farmers. This amount does not include the money spent to compensate the landowners under a direct payment scheme. The Ministry of Agrarian Reform has reported that a total of 183,245 hectares have been submitted by the ministry to the Land Bank for processing and a total of 171,235 hectares have been approved and paid for by the bank.

The reconstruction of the land tenure through land transfer and the adoption of the leasehold system will serve as a means for the redistribution of wealth in the rural areas. Already, because of the vigorous implementation of these programs, there has been a significant increase in the individual incomes of the tenant-farmers and in the standard of living of their families. Since they constitute as much as one-third of the lowest 40 per cent in the national income scale, this redistribution of land-

ownership will undoubtedly have a tremendous impact on the social and economic conditions in the rural communities. But to further insure the success of the tenurial reform, the government has several on-going supporting undertakings, such as the settlement projects, compact farms, land consolidation, and cooperative farming, where the record of performance has been equally remarkable.

On the settlement program, it has been reported that 43 agricultural settlements have been established and are being administered. The settlements comprise an area of 708,750 hectares. Also, in these settlement projects, a total of 47,431 farm families have been resettled and the total number of beneficiaries is 284,586 persons. In Regions IX and XII, 11 settlement areas have been set up for the rebel-returnees and other qualified settlers. In addition, three resettlement projects, covering 77,000 hectares, are being financed by the World Bank and the program components include infrastructure development, land and forest development, credit facilities and cooperatives, and rural health services.

As of December, 1980, 434 compact farms have been established, with 13,330 farmer-members in an area of 23,165 hectares. On land consolidation, seven projects were set up and developed, and on cooperative settlements four projects have been reported to be operational.

These are the direct and immediate benefits which the Filipino farmers have derived from the land reform efforts of the New Society. More important, however, than the land reform statistics in the country today is that because of the courage, determination and skill with which the New Society has carried out its land reform program, the Filipino farmers have regained their sense of dignity

and they are now imbued with a deep sense of purpose and direction. For them, a new era of freedom has begun.

Labor Reform. The uplift and protection of the Filipino worker have consistently been the utmost concern of the New Society, which is committed to the principle that the ultimate objective of the nation's development efforts is to enshrine and enhance the dignity of man. In accordance with this commitment, we have adopted and enforced measures designed to ensure that the benefits of development are shared by the great majority of our people, especially the workers who are directly involved in the development process. We have only to consider the significant aspects of the labor situation in the country at present to realize how much the government has done to protect and promote the rights and interests of labor in the New Society.

In 1974, the Labor Code of the Philippines was promulgated to mark a new era for labor in our land. This Code, considered by all responsible quarters as a landmark law under the crisis government, protects most comprehensively the rights, interests and welfare of the Filipino worker and prescribes the framework for basic government policies and programs on labor in our society.

In enacting the Labor Code, the government was guided by the belief that the real and long-term interests of the worker in a developing society lie not only in the vigilant protection of his rights but also in the effective promotion of his interests. The latter depends largely on the expansion of economic and employment opportunities and on the stability and harmony of society without which economic and industrial development cannot be achieved. For this reason, the Code aims to attain the following three major objectives: first, industrial peace based on

social justice and maximum protection of the rights of labor; second, industrial development based on the trisectoral cooperation of labor, management and government; and third, the promotion of the interests and welfare of labor, particularly through trade unionism, better wages, manpower development and employment placements.

To ensure the full and effective implementation of the Labor Code, the Ministry of Labor and Employment was expanded and strengthened. Before the New Society, this Ministry had a budget of less than ₱30 million annually and personnel of less than 1,000 employees. Today, it operates on a budget of ₱120 million, and has more than 5,000 employees.

As part of the New Society's efforts to promote trade unionism, the Labor Code established a new registration system for labor unions envisioned to encourage and foster the growth of legitimate labor organizations, on the one hand, and on the other, to discourage so-called "fly-by-night" unions, which traditionally exploited the workers rather than advanced their legitimate interests. The Code has also sought to provide stability in the unions by requiring that the term of office of union officers as well as the term of effectivity of collective bargaining agreements be set at three years. The purpose behind this requirement is to minimize any undue measure of union politics and union administration turn-over.

It would be accurate to say that the unions have been strengthened under the Labor Code because it unequivocally grants them the right to have, in a collective bargaining agreement, the closed shop security clause, and even more important, the agency shop. The closed shop provision in the CBA restricts the hiring of workers in a business or company only to those who are members of some

labor union. On the other hand, the agency shop agreement requires non-union members within a collective bargaining unit to pay the same dues and fees being paid by union members to the union if they accept the benefits secured by the collective agreement.

Another important strategy which has been adopted by the government to support the cause of organized labor in this country is the restructuring of the labor movement. The Labor Code has made it mandatory for the labor movement to restructure itself following the concept of one-industry-one-union. By this new concept of organization, unions will be spared the divisions and rivalries which competing unions within one industry tend to generate and allow them to concentrate and translate their numbers into more effective and better directed power. This restructuring of the labor movement is at present being done under the auspices of the Trade Union Congress of the Philippines and the Ministry of Labor.

Under the New Society there has been a positive trend towards the growth of labor organizations in the country and towards greater cohesiveness in the labor movement. It may be noted that in 1978, there was a total of 98 labor federations and 1,297 local affiliates and independent unions, for a total of 1,309 existing unions. The total union membership as of the said year was 1,823,552, representing 11.4 per cent of all employed workers and 26 per cent of wage and salary earners. This was in contrast to the total of 1.2 million union members in 1971. As of June 30, 1979, there were 1,469 unions and a total of 1,874,081 union members representing 11.7 per cent of all employed workers. These figures for 1979 represented an increase of 600,000 unionized workers from the 1972 level. Moreover it has been observed that by 1978, unions not affiliated with any federation counted a total mem-

bership of only 218,421, which is only about 11 per cent of the total number of unionized workers. But much has yet to be done with respect to the unionization of the workers in this country, for although there has been a considerable increase in the number of unionized workers in the past seven years, the greater bulk of the labor force remains outside the perimeters of trade unionism.

A vital union activity is securing with management a collective bargaining agreement. The aid of the law and the government has been extended to make the unions more effective in this field. In specific terms, while before the New Society there were only some 800 collective bargaining agreements (many of them substandard), as of 1978 the number of CBA's had gone up to 2,347, covering some 700,000 workers. According to a Ministry of Labor official these certified agreements contain "at least a 10 per cent wage increase within a 3-year contract period, vacation and sick leave benefits and retirement benefits, improvement over legally established labor standards, union security clauses, grievances and voluntary arbitration clauses, cooperation schemes on family planning, sports, and improvement of working environment."

To make the unions more effective in promoting the welfare of their members, both the Labor Code and the government have given the union the widest opportunity to engage in labor education and research. The unions today are allowed to convert a portion of their strike fund for this activity and to levy a reasonable fee on the union members for this purpose. The Bureau of Labor Relations and the Institute of Labor and Manpower Studies have been instructed to assist in organizing the educational programs of the unions, and the assistance of international agencies and of local universities and research

institutions has also been enlisted to provide extensive training for union leaders.

A more convincing indication of the New Society's profound concern for the unions and the labor movement is manifested by the representation accorded labor in government bodies. Labor representatives now sit in the Social Security Commission, the Employees Compensation Commission, the National Manpower and Youth Council, the National Labor Relations Commission, the Wage Commission, the Overseas Employment Development Board, and the National Seamen Board. Such concern is also shown in the strong support given by the government to tripartism as a mode of approach to labor relations policy. Since 1972, the government has increasingly emphasized the significance of tripartite representation, involving labor, management and government, in the formulation of major policies governing labor-management relations, and in the resolution of vital issues in this sphere. The Labor Code itself was the product of a tripartite conference, and similar conferences were held in 1976, 1978 and 1979 to review and update minimum wages and the policies on employment and labor relations. Because of this tripartite approach the government has succeeded in forging a common alliance against many of the nation's industrial peace problems.

The Constitution of 1973 mandated the State to assume responsibility for the right of the worker to fair compensation for services rendered, to a safe and healthy environment, and to employment security. These rights were explicitly embodied in the Labor Code and in subsequent laws passed since its adoption. To ensure the protection of these rights the Labor Code has expanded the powers of the Ministry of Labor, under the present set-up this Ministry is given the authority to resolve any

dispute arising from or affecting employer-employee relations. This is to avoid the necessity for the employee or union to resort immediately to the slower and more expensive judicial process of the regular courts or the ordeal of a strike.

Given the worldwide phenomenon of severe and ever-increasing inflation which coincided with the years of the New Society, the government adopted reasonable wage increases to restore the workers' purchasing power and instituted price stabilization measures to place basic commodities within their reach. Minimum wage adjustments were made in 1976, 1978 and 1979 with the end in view of restoring the worker's buying power, at the very least to the 1972 levels.

In addition, a series of Presidential Decrees from 1974 to 1979 boosted the effective minimum wages of workers through a guaranteed 13th month pay and cost-of-living allowances. In 1974, PD 525 granted private employees getting less than ₱600.00 a month cost-of-living allowances of ₱50, ₱30, and ₱15, depending on the firm's capitalization. In 1975, PD 851 gave private employees getting less than ₱1,000 a month a 13th month pay equivalent to their monthly rates. In 1977, PD 1123 raised the cost-of-living allowances granted by PD 525 by ₱60, and the following year, PD 1614 increased the allowances of non-agricultural workers by ₱60, the plantation workers by ₱40, and the non-plantation workers by ₱20. Finally, in 1979, PD 1634 provided for another cost-of-living allowance of ₱60 effective September 1979 and an additional amount of ₱30, effective January 1980. Through these adjustments, the 1979 effective minimum wage actually restored the worker's buying power to slightly above the 1972 levels. Moreover, the Labor Code granted wage

benefits particularly designed to extend to the unorganized labor sector through collective bargaining. These benefits are:

1. A 25-35 per cent increase in premium pay for work done on rest days and holidays (regular and special);
2. Regular holiday pay of 200 per cent of the daily rate for work done on a regular holiday;
3. Increase of 25-30 per cent in overtime pay;
4. Night shift differential pay of not less than 10 per cent of the regular pay; and
5. Five-day incentive pay.

Together with the adjustments made in the actual minimum wages, the government has taken steps to ensure that the benefits the worker is entitled to are not evaded or delayed. The Labor Code has abolished the so-called labor-only device of contracting which used to be utilized for evading the payment of those benefits to which the worker was entitled under a collective bargaining agreement or for escaping the legal obligation to pay for Workmen's Compensation, Social Security and Medicare benefits.

The Workmen's Compensation System has also been integrated into the Social Security System and the Government Insurance System to facilitate the payment of the workmen's compensation. In the past, the system tended to operate almost in an adversary manner, requiring the presence of lawyers, inviting the intervention of fixers and benefiting the insurance carriers. The new system of administration does away with these unwanted features and has succeeded in speeding up the process of payment.

Maternity benefits have also been integrated with the Social Security System effective January 1, 1978. No longer will employers be tempted to discriminate against working mothers for fear of having to pay for maternity benefits under the Social Security System.

The years of the New Society have also been a period where major efforts were made to create jobs and to train workers for those jobs. Employment generation was pursued by the government in various ways—in the promotion of small- and medium-scale industries in the rural areas, in the drive to expand exports and tourism, and in the general economic development program. But the government has not been content to wait for the results of these efforts to create employment opportunities for the country's labor force.

We have established a network of 42 public employment offices all over the country under the Bureau of Employment Services. The Labor Code requires employers to report vacancies once every quarter. The public employment offices register workers, give occupational guidance and match the skills of these workers with the reported vacancies in industry. From 1972 to 1978, these offices were able to place 192,150 workers locally.

We have established 11 regional skills training centers under the supervision of the National Manpower and Youth Council. These training centers are among the most modern and the best equipped in Asia. And they are strategically distributed in all the regions of the country. In the past seven years, we have graduated more than 50,000 trainees from these centers and from the various earlier established training programs of the National Manpower and Youth Council.

For overseas employment, we have established the Overseas Employment Development Board and the National Seamen Board. By providing free services to Filipino workers seeking jobs abroad, these agencies save the applicants from the necessity of placing themselves at the mercy of illegal recruiters and exploiters. Through our overseas employment, the OEDB, NSB, and the private, fee-charging agencies, we have been able to place approximately half a million Filipino contract workers in 104 countries of the world, and they accounted for the lion's share of the non-trade foreign exchange receipts in 1979, totalling more than one billion dollars.

Social Services. Reform in the social services produced remarkable advances in nutrition, health and family planning.

The government has been aware of the vital role played by health in the national development process. For this reason, it has launched and pursued integrated programs designed to provide primary health care and nutrition to all sectors of our society, particularly the grassroots, and to insure the success of these programs increased budgetary support for their services many times over the appropriations normally allotted for the same purpose by past administrations. During martial law, the biggest increase was achieved in 1979, when the government raised budgetary support for health and nutrition from ₱682 million in 1975 to ₱1.4 billion in 1979.

With respect to nutrition, we have developed in the space of less than three years a program on both the barangay and national levels which has become a model for many countries, as the United Nations itself has acknowledged. At the core of this program is the day care center provided for in the Presidential Decree No.

1567 issued in 1978, which calls for the setting up of a day care center in every barangay with at least 100 residents. As of last year, 4,000 such day care centers have been established.

From 1972 to the present, the nation witnessed a rapid and significant increase in the number of health institutions ministering to the people's health problems and needs. The government accelerated the implementation of the program involving the construction of regional training centers, rural health centers, and barangay health centers, and as a result, the coverage of the rural health units has increased from 27 per cent of the population to 70 per cent. The government renovated 2,135 of the 3,172 barangay health centers, and by December 1977, it has established 1,707 rural health units in our municipalities and settlement areas. In September, 1979, 175 of the 207 additional rural health units planned or 84.5 per cent, were completed. The number of hospitals in the country, both government-owned and private, also grew by 69.1 per cent. In concrete terms, while in 1971 there were only 678 hospitals, in 1978 the total was 1,147, with the private sector contributing 74.6 per cent and the government 25.4 per cent of the growth. The construction of these government hospitals, rural health centers, and barangay health centers has been carried out through the new Restructure Health Care Delivery System envisioned under Presidential Decree No. 568.

Through the new health care delivery system, the government has been able not only to provide more health units and medical facilities to the great majority of our people, particularly those in the rural or economically depressed areas, but also to increase the available medical manpower in these areas, especially with respect to the need for doctors, nurses, and midwives in the rural com-

munities. The success of this new system has been partly due to the rural health practice program for post-board medical and nursing graduates, and the Barangay Health Worker program, which was started in 1976, and which has produced over 35,000 barangay leaders for rural health work in their own communities.

Aside from increasing the number of hospitals and health units in the country, the government has been exerting every effort to reduce the cost of drugs and medicines through a restructured purchasing system, bulk purchase, revival of cheaper generic drugs, elimination of medications which are of doubtful value or quality, and the eradication of graft and corruption. It may be mentioned in this regard that from August 1979 to June 1980, or for a period of one year alone, the government has realized no less than ₱10 million in savings on the cost of drugs, thus enabling it to purchase more medicines from the TB Control Program and other vital health projects.

By 1977, the Medicare Program had been extended to cover one-half of our entire population; based on available figures, five million persons benefited from the financial support for hospital care from 1972 to 1977 under the Medicare health insurance scheme.

Other important achievements of the government in relation to the health needs of the nation which may be mentioned in passing are the establishment of the Lungsod Silangan Medical Health Center, the Philippine Heart Center for Asia, the Lung Center, regional mental health centers, a mental hospital for criminals declared insane, a specialized hospital for children known as the Lungsod ng Kabataan, and a specialized hospital for schistosomiasis; the adoption and implementation of an expanded immunization program, which provides for compulsory

immunization of children against preventable diseases; the creation of the Environmental Impact Statement System; the adoption and implementation of the Sanitation of the Philippines; the adoption of a major policy for the establishment of a Council of Medical Technology; the revitalization of the National Cancer Control Center; the creation of a Radiation Health Office and the Dermatology and Research Training Office; the adoption and implementation of an occupational health and safety program, and family planning projects established in government hospitals and health centers; and the launching of a nationwide health information campaign, which includes the publication of basic health manuals which serve as information sources for the people in the rural areas.

Although we have attained substantial success in our food production program, we have a serious malnutrition problem in the country. Because of this we have launched a national nutrition program which focuses mainly on giving food assistance, health protection, nutrition information and education, nutrition training, research, planning, and supplementation, and on monitoring and surveillance. Under this program, the government has established the National Nutrition Center. This Center has, among other things, initiated a project known as the Operation Timbang through which the Ministry of Health is able to assess and monitor the nutritional needs and trends of pre-schoolers, and to supervise the control of malnutrition among children within this age group. The nutrition program also encompasses a goiter control program, and the operation of a "nutriward" (nutrition ward) or "malward" (malnutrition ward) program, which is a rehabilitation approach for malnutrition among hospital wards. As of 1978, the Ministry of Health has 155 public hospitals with malwards for third-degree malnutri-

tion and 66 rural health units with nutri-huts. Through a nationwide implementation of the nutrition education program, the government has been able to provide nutrition education for 17,698 industrial workers from the Metropolitan Manila, and from the factories in the provinces.

Human Settlements. The pith of the government's efforts to provide social services is the human settlements program which we commenced a few years ago and is now an acknowledged model for similar efforts in other countries.

Because mankind lives in communities, our vision of development is the creation and production of the good life in human settlements.

Into the human settlements program we have introduced the principle, the first country to do so, that livelihood is essential to its success, and that housing units, though the most visible evidence of progress in the skyline in both town and country, are merely a part of the whole human settlements program.

With livelihood as the core of this program, we are able to assure that the acquisition of a housing unit by a family is truly meaningful.

To carry out this objective, we set up the source of livelihood in a human settlement or teach skills that would provide income, and in this way enable the government to recover funds spent for housing and infrastructure and utilize these as self-regenerating funds for other human settlements.

Many of our people used to live in squalor, inhabiting an environment of filth and degradation devoid of the basic amenities of modern living. Today, the situation

has changed for the better. The government has initiated numerous squatter upgrading and sites and services projects as prime instruments for improving the housing conditions of the urban poor.

Over the past eight years, an open attitude to housing construction ensured efficiency and, in appropriate circumstances, facilitated more economic use of land and improved access to income-earning opportunities.

At the root of the positive housing policy is the desire to accelerate economic development and social welfare. For housing, our planners realize, has substantial social benefits, including the welfare effects of shelter from the elements, sanitation facilities and access to health and education services. The relationship of housing to employment, social services, recreation and other aspects of urban life is properly and consistently considered in planning new communities. Access to employment for several members of a family is particularly important for the poor, and so is access to other urban facilities, particularly education. It is thus for sound economic reasons that housing is typically the largest item of household expenditure after food for poor families, and that they are willing to go to great lengths to obtain housing at locations with access to employment and other essential urban facilities, even if this means incurring the risks of illegal "squatting."

All urban communities in the Philippines have to contend, in varying degrees, with squatting and the attendant problems. The problem of squatting is very pronounced in the Metropolitan Manila area. Here, the number of squatter families is estimated at 328,000 (2,033,480 persons) or 28% of the region's 7.1, million population. The squatter population is growing at the rate of 3.7% per annum.

The national government approaches the problem of squatting with compassion. As a matter of policy, the government implements its slum improvement program through the introduction of adequate infrastructure and services, a comprehensive socio-economic development program and employment opportunities for members of the resettled families.

The slum improvement program has been pushed to the remote areas, especially in Cebu, Cagayan de Oro, Davao and Bacolod. In the Metro Manila area, the program is being carried out under the Zonal Improvement Program (ZIP) covering all the 13 municipalities and four cities comprising the capital region.

The best example of an urban community successfully established, using all the essential principles of the sites-and-services development program, is the Tondo Foreshore Dagat-Dagatan Project in Navotas, Rizal. The first and largest project in Metro Manila, the Dagat-Dagatan benefits 27,500 families. Others projects are in various stages of planning and development.

Educational Reform. We have succeeded in reorienting the curriculum to the requirements of economic development, placing emphasis on vocational and technological skills in high school and science engineering in college.

Our program of reform in the field of education provided a suitable atmosphere for the promotion of science and research, as shown in the studies and experiments conducted by the International Rice Research Institute, the new Institute of Plant Breeding, the recently organized Institute of Microbiology which seeks to employ the new science of recombinant DNA, and the Southeast Asia Fisheries Development Council (SEAFDEC). The SEAFDEC has done intensive work for the full develop-

ment of the country's fisheries potential, including the launching of "blue farming" or farming of the seas.

Greater support has also been given for the Science High School, and scholarships are being set up for science and engineering to promote the involvement of more talented Filipinos in these fields.

Major educational reforms were instituted during the period 1972 to 1979 following the comprehensive study of the existing educational system by the Presidential Commission to Study Philippine Education (PCSPE) in 1970.

The PCSPE study led to the promulgation of the Educational Development Decree of 1972 (P.D. No. 6-A), which provides the guiding principles of the Ten-Year Educational Development Program.

Focus of the fundamental changes were the areas of specialization of educational opportunities, upgrading of the quality of education, rationalization of tertiary education, matching of manpower demand and supply, promotion of teachers' welfare, and strengthening of educational planning and management capabilities.

Basic education indicators show substantial gains achieved by the educational system during the last decade. Among others, literacy rose from 83.4 per cent in 1970 to 88.4 per cent in 1979-1980. Total enrolment grew from 9.3 million to 12.1 million during the ten-year period. Free elementary education was extended to some 7.7 million elementary school children at the end of the decade, whereas in 1970 only 6.6 million school children benefited from free education. At the same time, elementary school leaver (drop-out) rates dipped from a high 6.11 per cent in 1970 to 3.6 per cent in 1979.

Democratization of access to education was made possible through the distribution of 14.2 million textbooks since 1976 and the construction of 7,887 school buildings from 1975 to 1978. Previously, shortages in classrooms and instructional materials reached serious proportions in the urban as well as in the rural areas.

Under the martial law administration, some 2,000 barangay high schools and 39 community colleges were established. Scholarship programs and study grants were also expanded. In 1979 alone, some 1,500 students and 6,100 cultural minority members received scholarship grants. The Study Now, Pay Later Plan, meanwhile, benefited some 10,197 students since 1976.

The development of high-level professions was pursued through World Bank and ADB-financed technical assistance programs benefitting the University of the Philippines System and other universities covered by the Engineering Education Project.

Manpower development efforts were boosted considerably by the establishment of three agricultural colleges, three technician institutes, 10 regional manpower training centers and the Philippine Training Centers for Rural Development.

Skills training programs with particular stress on out-of-school youths were likewise conducted. For example, the National Manpower and Youth Council (NMYC) graduated a total of 69,185 trainees in 1978 and 1979. The Batarisan Program, a joint project of the NMYC, the Kabataan Barangay and the private sector, trained 1,957 KB members from 1977 to 1979.

On-the-job training was stepped up through the 1,452 apprenticeship and learnership programs. Under these

programs, 22,400 young citizens were graduated. Employed persons under these programs reached 20,800 in 1979.

We could not have achieved these services had it not been for the active participation of the private sector. The positive role of the private sector in manpower development was tested through the industry boards and the Training Incentive Scheme which we initiated to increase our army of skilled manpower. To date, there are five industry boards in the automotive, construction, power and electricity, land transportation and textile industries. Under the Training Incentive Scheme, about 38 firms were issued certificates from 1977 to 1979 which indicated their successful participation in the program. In recognition of these firms' contribution to the manpower training effort, they were allowed to deduct up to 10 per cent of training expenses from their taxable income.

EPILOGUE

The accumulated experience of the past years promises more challenges, rather than leisure. The Philippine experiment we initiated cannot be abandoned; we must prosecute it to its logical end. Martial law was meant merely to annihilate the crisis we faced in 1972 and to plant the seeds of reform. Those objectives have been fulfilled; but as I said before, we cannot rest on laurels. Indeed, it would be dangerous for us to fall into complacency and allow the habits of comfort to rule our lives.

We are apt to hear that the country has overcome disaster, that we have begun and continue to surge strongly toward growth. Even the most critical foreign experts acknowledge these facts.

The country's economy showcases vigor and resiliency in the midst of national and international crisis. It is precisely at this point that economic activity of all kinds is much pronounced. International investors as well as the World Bank and the International Monetary Fund continue to manifest their faith in our economy.

What I said a few years ago holds true today more than ever. There is order where there used to be none; anarchy is only a memory; and growth and changes continue to abound in all aspects of society. Moreover, when we look at the individual citizen, there is reason to feel that his rights and liberties are on the whole much better secured today than they were before the intervention of constitutional authoritarianism.

Could we have achieved this without martial law which, as I have repeatedly said, is a transitory response to crisis? Our critics are wont to answer this in the affirmative. But the facts indisputably reflect our growth, our successful first steps toward development and the evolution of the New Society with its vigorous institutions, its responsive programs and policies.

The success of an experiment is measured in concrete terms; mere rhetoric is not the yardstick. What we needed to do is what we have done, to initiate response in the face of realities. We reached a turning point; I am convinced we chose the right road.

APPENDIX

THE DEMOCRATIZATION OF WEALTH

As I have written in the book *Notes on the New Society*, "the fundamental reason for building a New Society has to do, in fact, with the outstanding characteristic of our age: the rebellion of the poor." And this rebellion has demanded that society thus be founded on equality as a social principle.

But a society of equals can only be attained through radical reforms in order to eradicate once and for all the injustices in the old Philippine society. The old society had to go. It could no longer work for the well-being of the masses, nor could it be made to work again.

During the past eight years, the New Society saw to it that the egalitarian base was widened and its development plans geared to one objective: *that no Filipino shall be without sustenance*. The New Society stands and works for the liberation of the poor from "the realities of human suffering and deprivation." The poor should

no longer be consigned to this misery but should instead be given every opportunity to partake in the goods of society.

I therefore reiterate that our development plan is a direct and purposeful attack against poverty: by focusing on the poorest segment of our society, by planning to meet their basic minimum nutritional needs, by reducing if not entirely eliminating illiteracy, by equalization of opportunities, by equitable distribution of development benefits, and by introducing the necessary institutional changes. This means reaching out to the most penurious segments of the population: the landless worker, the urban poor, the fishermen, the *sacadas*, and the rural marginal man.

With the lifting of martial law, there are once again discordant voices and Cassandras whose accusations about the depth of poverty in our country are unfortunately ill-founded. Their pessimism stems more from selfish interest rather than compassion for those who are poor.

That there is incidence of poverty in our country, I will not deny. But what country today, including the western democracies, is not faced with the critical challenges of economic depression, civil disorder, the breakdown of social discipline and even the alienation of citizens? Neither would I dismiss these voices of pessimism as mere manifestations of an "adversary culture" prevalent among the so-called intellectuals. For, like the economist Joseph Schumpeter, I would like to think that intellectuals are "people who wield the power of the spoken and the written word, and one of the touches that distinguish them from other people who do the same is the absence of direct responsibility for practical affairs." Critics representing the Western press are included in this category of non-responsibility for practical affairs.

In my two books *Today's Revolution: Democracy* and *Notes on the New Society*, I tried to analyze the roots and causes of social unrest in our country prior to the proclamation of martial law. We had then a social structure in which wealth and political power were concentrated in the hands of a very few, a condition not conducive to the prevention of a functioning democracy. Radical reforms had to be made in order to create a society of equals through a democratic revolution. But this had to be a radical reform devoid of violence and bloodshed.

The question is asked: Is the Philippine economy really in bad shape? Has not the government, despite sustained economic growth, solved or alleviated the problem of poverty in our country? How far has the government succeeded in reducing inequality?

In reply to these questions, I report to our people that the record of the Philippines is one of the most impressive in the developing world. For even as the socio-economic pie has grown, so too has the sharing of the separate pieces been more equitable. Yet we were able to approximate our ultimate objective of establishing a society of equals by defying the conflicting views of the western development economists, on one hand, and the Marxists, on the other.

As viewed by many development economists, "the mechanisms that promote economic growth also promote economic concentration, and a worsening of the relative and perhaps even absolute position of the lower income groups." In short, it has been empirically proven among many developing countries that when a country first takes off into development, there is also a worsening of inequality, thus leaving the masses in poverty and misery. The

Marxists, on the other hand, argue that a class-dominated society will never share prosperity more widely by peaceful economic revolution. The Marxist brand of equality can only be attained through a bloody revolution.

During the last eight years, we were able to improve redistribution within the context of economic growth. For, in spite of external and internal diversities, we were able to control inflation, develop our resources, expand our infrastructure program, provide employment and transform the countryside.

We did all of these and still paid attention to the problems of income distribution associated with the development process. I would like to believe that the measurement of our development success is both in the reduction of poverty and the sustained growth rate of our national product. And yet we have not even tinkered with our capitalist base. For as I have mentioned time and again, I believe in private enterprise as the principal agent of economic development. Nor shall there be any confiscation of private property or wealth. Our only function, if we find it necessary, is to regulate wealth and the use of wealth. After all, social stability requires that there be certain limits to the inequality of wealth.

Allow me to cite an objective and authoritative source, the World Bank, in a *Report* entitled, *The Dynamics of Poverty*. The Report says in its "overview":

"In recent years, the [Philippines] government has been increasingly conscious of the serious poverty problem in the country and has made determined efforts to deal with it.

"It has maintained a relatively rapid overall economic growth in difficult international circumstances, expanded agricultural production and domestic food supply, increased real public investment in infrastructure and basic services,

particularly in rural areas, and initiated a regional planning framework.

"However, these efforts have not yet had a major impact in terms of reducing poverty in the Philippines because of the deeply rooted historical origins of poverty, the rapid growth of population, the slow growth of manufacturing employment, the necessarily long lead times for some public investments, and lack of improved technology for rainfed agriculture.

"The economic performance of the Philippines has been good during the 1970's despite external problems arising from the oil price increases. The country's GNP increased at nearly 6.5% per annum and agricultural value added at about 5% per annum, which is better than in most LDC's.

"Yet, at the end of the 1970's the level of poverty does not appear to be lower than it was at the beginning. It is, therefore, clear that even a relatively high economic growth (overall, and even in agriculture) alone is not sufficient to reduce poverty quickly.

"Poverty and its alleviation are intimately related to the pattern and distribution of growth across regions, sectors, and income classes. This pattern is determined partly by historical and geographical factors and partly by policy measures and incentives. It is, therefore, necessary to delve a little deeper to understand the dynamics of poverty in the Philippines."

In a statement in the meeting of the consultative group for the Philippines held in Paris, Mr. S. Shahid Hussein, Vice President for East Asia and the Pacific of the World Bank, included these conclusions:

1) Although the Philippines faced massive problems in the early 1970's, strong economic management has made possible substantial improvement in the rate and structure of economic growth. Some of the more important of the country's achievements are:

- 1) The trend rate of growth was accelerated from 5 per cent to 6 per cent;
- 2) Agricultural production was expanded at 5 per cent per year, one of the highest rates in the developing world, and self-sufficiency was achieved in rice, the country's staple food;
- 3) Fixed investment was raised from 16 per cent to 25 per cent of GNP, with the share of public 2 per cent of GNP;
- 4) The growth rate of exports was doubled in real terms from 5 per cent to 10 per cent per annum, with the share of non-traditional exports rising to 46 per cent;
- 5) A number of important programs have been launched in rural water supply, transportation, and electrification; in urban development; and in health and family planning;
- 6) Disciplined monetary and fiscal management has become a tradition;
- 7) Key institutions in both the public and private sectors have been strengthened; and
- 8) The rate of population growth was reduced by one-fifth, from 3 per cent to 2.4 per cent.

"This record is one of the most impressive in the developing world," Mr. Hussein added. "It was achieved in an external environment which can at best be described as difficult. Two oil crises, two major recessions, a sharp acceleration in international inflation, rising protectionism in the industrial world's markets, and secular dete-

rioration in the Philippines' external terms of trade retarded progress."

At the same time, he averred that there has been substantial further progress in the last year. A major industrial reform program has been successfully launched. Tariffs and other protective trade restrictions have been lowered, and comprehensive improvements have been made in export incentives. Banking laws and regulations have been reformed to increase the competitiveness, flexibility and efficiency of the financial system. Interest rate policy is currently being revised to eliminate distortions and establish market-oriented rates. These industrial and financial reforms should lead to major long-term improvements in both the balance of payments and the rate of employment creation.

At this juncture, we may also cite the findings of an International Monetary Fund (IMP) study on the Philippines of July 22, 1980, on the government's policies pertaining to wages and employment:

The index of average earnings of workers increased by about 26 per cent during 1979; the much lower rate of increase in wage earnings in the manufacturing industry reflected partly the exemptions granted to certain industries from paying part of the increases in the effective minimum wage. During the 12 months to March 1980, average wage earnings rose at a lower rate (19 per cent), owing to the slowdown in economic activity and the profit squeeze that many industries were experiencing. Overtime work and bonuses were reduced and more part-time workers were employed. A tripartite conference, comprising representatives from government, labor and management, is scheduled to convene to review wages.

The Government's policy of providing incentives to small- and medium-scale industries and to non-traditional manufacturing exports, which are mostly labor-intensive, has contributed to a steady increase in employment. Manpower planning and training to match skill availability with industry requirements and improve the quality of labor, have also been a factor in expanding employment. As a result of the Government's industrialization policy, employment in the non-agricultural sector increased more rapidly in recent years and accounted for 53 per cent of the employed labor force in 1979; the increase in employment in that year (4 per cent) matched the expansion of the labor force, and unemployment remained at 4 per cent. In recent years, a considerable number of Filipino workers have been finding employment overseas, especially in oil-exporting Arab countries. However, underemployment remains a key problem for the medium term.

In the early 1970's, a family planning program was introduced in the Philippines; this has contributed to the decline in population growth from 3 per cent to an estimated 2.4 percent in 1979. The objective is to reduce the growth rate to 2 percent by 1987.

In the face of the many unsubstantiated charges that we lack concern for the poor, we should like to inform our critics that this government has, as part of its development efforts, adopted the concept of "basic human needs" as a mass-oriented approach to development. For it is our belief that basic needs is an approach concerned with removing mass deprivation.

This approach, under the direction of the First Lady and Minister of Human Settlements, is designed to improve the earning capacities and opportunities of the poor; the expansion of government services which benefit the poor;

the efficient flow of goods and services to meet the needs of every household, especially that of the rural area; and self-help and self-reliance among the poor in meeting their basic needs.

The eleven basic needs approach which the government has adopted covers the following:

1) water; 2) power; 3) food; (agriculture); 4) clothing (cottage industries; 5) economic base (livelihood); 6) medical services; 7) education, culture and technology; 8) ecological balance; 9) sports and recreation; 10) shelter (housing and land use); 11) mobility a) roads b) transportation and traffic c) communication.

The goal is to make these needs available to all members of the society.

It is rather unfortunate that in the equity area, critics, especially the foreign press, have yet to treat us with objectivity and dispassion. Obviously, they tend to overlook the Tondo Foreshore, Kapitbahayan, and the BLISS projects; the agrarian reform program; the Masagana 99 program; our successful stabilization of the price of rice; the increasing access by the poor to basic amenities; the Kadiwa Centers; granting small farmers equity in rural banks; Urban Land Reform Act; and other projects directed towards the uplift of the poor.

Finally, since the eradication of poverty is the principal objective of our Philippine Development Plan, I have instructed the agencies concerned with development to monitor regularly the overall picture of the country. We have, for instance, the Economic and Social Import Analysis of NEDA/AID, the Income Distribution Survey of the National Census and Statistics Office, the Consumer Price

Index of the Central Bank and, lately, the Social Weather Station/Philippine Social Report of the President's Center for Special Studies. I have likewise instructed the agencies concerned with economic surveys and statistics-gathering to include in their findings a poverty and income distribution report. The issue of poverty is too important to be left to politicians and propagandists. It is time that both the Philippine government agencies, the World Bank and other international agencies defined the meaning of "poverty line" within the context of Philippine society.

It is, however, my contention that despite our social and economic problems which have their roots in history, we all can be proud of the achievements of the past eight years.

PHILIPPINE DEVELOPMENT INDICATORS Summary Table

	1965	LEVEL	1972	1979	1980	1965-72	1972-79
A. GROSS NATIONAL PRODUCT (million pesos)							
GNP at constant 1972 prices	29,529	55,524		86,731	92,911	5.0	6.6
GNP at current prices	23,282	55,526		215,659	269,781	13.2	21.4
Per Capita GNP at constant 1972 prices in pesos	1,244	1,423		1,862	1,939	2.0	3.9
Per Capita GNP at current prices in pesos	756	1,423		4,630	5,660	9.9	18.3
In U.S. dollars	139	214		626	755	1.8	16.6
Gross Value Added at constant (1967)						(1967-72)	
1972 prices, TOTAL	44,093	56,975		86,539	91,947	4.9	6.4
Agriculture, Fishery and Forestry	13,952	16,940		22,585	23,627	4.2	5.0
Industry	12,766	17,442		30,491	33,354	6.4	8.3
Services	18,275	22,593		33,463	34,966	4.3	5.8
B. INVESTMENT AND SAVING (million pesos at current prices)							
Gross Domestic Investment	4,883	11,573		63,353	78,198	13.1	27.5
Gross National Saving	5,105	11,679		52,629	62,395	12.6	24.0

C. EMPLOYMENT
(millions)

Total Employed	9.7	12.1	16.4	17.0	3.2	4.4
In Agriculture	4.8	6.3	7.8	8.0	4.0	3.1
In Nonagriculture	4.9	5.3	8.6	9.0	2.4	5.3
Unemployed	0.72	0.83	0.78	.85	2.0	(0.9)

	1965	1972	1979	1980	1965-72	1972-79
Per cent of Labor Force (unemployment rate)	4.5	5.0	—	—		
	6.9	6.4		(estimate)		

D. INFLATION RATE

Metro Manila	2.4	10.0	18.8	18.0	7.8	13.4
Philippines	n.a.	16.5	16.5	17.5	n.a.	14.0
Oil Price (\$ per barrel)	1.76	2.06	16.94	34.0	2.3	35.1

E. PUBLIC FINANCE

<i>National Government</i>						
(billion pesos, obligation basis)						
Current Receipts	2.1	5.1	34.0	36.6	13.5	31.1
Current Expenditures	1.8	4.1	23.5	28.1	12.5	23.3
Current Surplus	0.3	1.0	10.5	8.5	13.0	39.9
Capital Expenditures	0.3	0.9	14.9	11.0	17.0	49.3
Total Expenditures	2.1	5.0	38.4	40.8	13.2	33.8
Economic Development	0.8	1.9	15.3	17.7	13.2	34.7
Social Development	0.7	1.6	9.5	11.3	12.5	29.0
Housing and community						
Development	n.a.	n.a.	1.7	2.4	n.a.	n.a.
Education	0.6	1.3	4.9	4.4	11.7	20.9

Health	0.1	0.2	1.7	1.59	10.4	35.8
Social Security & Welfare	0.03	0.08	1.2	2.52	15.0	47.2
Defense	0.3	0.8	4.7	4.12	15.0	28.8
General Public Service	0.3	0.6	8.9	4.24	10.4	47.0
<i>Local Government</i>						
(billion pesos, obligation basis)				1980		
Current Receipts	0.6	1.4	4.0		12.9	16.2
Current Expenditures	0.5	1.2	3.3		13.3	15.5
Current Surplus	0.08	0.3	0.7		20.8	12.9
Capital Expenditures	0.07	0.2	0.4		16.1	10.4
Total Expenditures	0.6	1.3	3.7		11.0	16.2
	1965	1972	1979	1980	1965-72	1972-79
Economic Development	0.2	0.4	1.3		10.4	18.3
Social Development	0.1	0.6	1.6		29.2	16.0
General Public Service	0.27	0.34	0.8		3.3	13.4

F. MONEY AND CREDIT

(million pesos)

Money Supply	2,975.21	6,469	18,844	21,671	11.7	16.5
Savings and Time Deposits	2,489	5,402	26,565	49,116	11.7	25.6
Domestic Credits Extended by				(Sept '80)		
Monetary System 2/	7,524.7	16,290	79,551		11.7	25.4
Public Sector		3,163	8,637			15.4
Private Sector		13,127	70,914			27.2
Loans Outstanding of Commercial Banks	7,766.73/	32,689.4	68,264.2	1980	1965-72	1972-79
					22.8	11.1

1 Beginning 1979, data were revised to consider only the treasury cash holdings, the Central Bank and the Commercial Banking System operations as the origin of money supply.

2 Includes monetary authorities and commercial banking system.

3 Total Credits Granted by Commercial Banks.

J. RATE OF EXCHANGE

US \$ 1.00 = P 3.9009
 P 1.00 = US \$.2564

K. INFRASTRUCTURE PROGRAM

Financial Performance (million
 pesos including dollar components)

Cash Disbursement Ceiling

Issued	—	1,025	12,888	7.3775	6,6710	75	8.0	1.4
Disbursement	—	719	9,129	.1355	.1499	.133	(7.4)	(1.4)
Per cent Utilization	—	70	70					
	1965	1972	1979			1980	1965-72	1972-79

Physical Performance

End Year Target	—	100	100	73				
Accomplishment (per cent)	—	—						
Highway Kilometerage Cumulative (TOTAL)	55,544	77,278	110,039	72			4.8	5.2
Length of Existing Bridges (1.m.)	242,941	287,634	372,160				2.4	3.8
Irrigated area (hectares)	571,375	780,158	1,269,243			1,343,243	4.5	7.2
Number of airports in operation	114	137	199				2.7	5.5
No. of Ports Developed	622	622	849				—	4.5
Rural Electrification (cumulative)								
No. of households w/access to electricity (in thousand)	—	76 (1973)	1,044					54.8
Installed capacity (megawatts)	—	2,400	4,157					8.2

	1965	1972	1979	1965-72	1972-79
L. AGRICULTURAL PRODUCTION					
Total crop production (million metric tons)	12.2	15.2	24.4 (1978)	3.2	8.2 (1972-78)
Palay production (million metric tons)	4.0	5.1	7.2	3.5	5.0
Corn production (million metric tons)	1.3	2.0	3.1	6.3	6.5
Fish production (million metric tons)	0.7	1.1	1.6	6.7	6.4
Per capita crop production (metric tons)	0.126	0.131	0.155	0.6	0.2
Per capita palay production (metric tons)	0.041	0.051	0.067	3.2	4.0
Per capita corn production (metric tons)	0.022	0.028	0.035	3.5	3.8
Per capita fish production (metric tons)	0.384	0.391	0.536 (1978)	0.3	5.4
RICE EXPORTS CUMULATIVE					
(thousand metric tons)			1980		
Shipments	—	—	300.8	—	—
Commitments	—	—	240.7	—	—
M. AGRARIAN REFORM					
Land Transfer					
No. of Certificates of Land					
Transfer Issued	—	423	444,251	513,000	170.2
No. of tenant farmers	—	423	320,411	368,957	157.8
No. of hectares	—	682	545,228	617,452	159.8
Landowners' Compensation ⁵					
No. of landowners	—	94	5,156	—	77.2
No. of tenants	—	3,362	77,494	—	56.6
No. of hectares	—	6,287	149,230	—	57.2
Cooperatives Development					
Membership	—	—	21,089	—	—
No. of organized (Samahang Nayon)	—	—	1,019,212	—	—
Membership	—	—	—	—	—

N. AGRICULTURAL PRODUCTION PROGRAMS

Masagana 996

Area Planted (000 has.)

Credit Granted (million ₱)

Supervised Farmers (000)

Maisan 77

Credit granted (million ₱)

Biyayang Dagat⁷

Credit granted (in million ₱)

O. NATURAL RESOURCES

Areas Reforested (thousand hectares)

P. ENERGY: PRIMARY CONSUMPTION BY SOURCE (million barrels of oil equivalent)

TOTAL

Oil

Imported

Per cent of total oil consumption

Domestic

Per cent of total oil consumption

Hydro

Geothermal

Others

⁵ Started only in 1974⁶ Started only in 1973⁷ Started only in 1979

	Phase I	Phase XIII	(1973-79)
	620.9	1104.1	10.1
	369.5	233.6	(7.4)
	401.5	734.4	10.6
	—	—	—
	—	10.1	—
	—	—	—
	—	10.0	—
	—	—	—
130	180	446	4.8
			13.8
			4.8
			1980
	36.5	66.3	91.7
	33.9	62.1	80.3
	33.9	62.1	75.2
	100.0	100.0	93.6
	—	—	5.1
	—	—	6.4
	2.3	4.0	6.6
	—	—	1.3
	—	—	3.8
	—	—	0.01

Q. POPULATION AND POPULATION CHARACTERISTICS

Total Population (millions)	31.8	38.9	46.6	47.9	2.9	2.6
Crude Birth Rate (per 1,000)	25.0	24.9	31.8		(0.1)	3.6
Crude Death Rate (per 1,000)	7.4	7.3	8.4		(0.2)	2.0

B. INCOME DISTRIBUTION

Percentage Distribution of Total Family

Income By Income Class

P1,999 and below	40.9	24.3	11.2			
P3,000—P5,999	26.1	27.7	29.2			
P6,000—P14,999		32.0	34.0			
P15,000—P29,999	33.0	11.0	12.8			
P30,000 and over		5.0	12.8			

Percentage Distribution of Families

By Income Class

P2,999 and below	77.0	59.0	32.3			
P3,000—P5,999	16.3	25.0	40.1			
P6,000—P14,999		13.7	22.7			
P15,000—P29,999	6.6	2.0	3.8			
P30,000 and over		0.3	1.1			

Average Family Income (In Pesos)

Philippines	2,541	3,736	5,340		(1965-71)	(1971-75)
Urban	4,405	5,867	8,329	6.6	11.8	
Rural	1,755	2,818	4,745	4.9	9.2	
				8.2	13.9	

W. EDUCATION

Adult Literacy Rate Population (Ten years old and over, per cent)									
Metro Manila	72.0 (1960)	83.4 (1970)	88.4 (1980)						
Total enrolment (million)	98			93					
School Buildings constructed, cumulative	7,515	9,605	12,148	13,507	3.6				3.4
	3,983		22,141						

8 Nominal minimum wage

9 As of February 1980

X. HOUSING

Housing Allocation of National Government									
Expenditures ¹⁰ (million pesos)	1965	1972	1979	1980	1965-72				1972-79
Housing Investments in Real Terms BLISS ¹¹	92.0 (1976)		1,347	1,878				144.6 (1976-79)	
	1.5 (1971)		2.5 (1976)						
			8,592 ¹²	8,754				10.8 (1971-76)	

¹⁰ Includes expenditures for community development.¹¹ Started only in 1979.¹² Number of swelling units.

S. WAGES

Effective Minimum Wage
Agricultural Plantation

P3.508	4.75	P17.19-15 1980	—	20.7-22.0
		P23.30-24.70		

Nonplantation

Nonagriculture in Metro Manila
Outside Metro Manila

1965	1972	1979	1980	1965-72	1972-79
	P4.75	P13.51-14.90	P17.3 -P18.7	—	16.1-17.7
P6.00 ⁸	8.00	21.80-23.19	P28.5 -P29.90	(P26.38) ⁹	15.4-16.4
	8.00	20.72-22.11	P27.40-P28.80	—	14.6-15.6

T. LABOR WELFARE

Social Security Coverage (million persons)

1.4	3.2	8.4	1980	12.5	14.8
—	55	1,209	8.9	—	55.3

Medicare beneficiaries (thousand persons)

U. NUTRITION

(1958-1969) (1978)

Per capita calorie intake (as per cent of
requirement)

83.6	84.0(1975-77)	88.6	—	—
------	---------------	------	---	---

Per capita protein intake (as per cent of
requirement)

94.5	95.1(1975-77)	102.9	—	—
------	---------------	-------	---	---

Nutritional Status of Pre-Schoolers

(moderately and severely malnourished per
cent of total number of children weighed)

—	30.4(1975)	80.5	—	—
---	------------	------	---	---

V. HEALTH

Life expectancy (years)

Infant Mortality (per 1000 live births)

53.4(1960)	59.0	61.6	62	70.0
------------	------	------	----	------

Physician per population

80.0(1968)	78.0	—	—	—
------------	------	---	---	---

Hospital bed per population

—	1:3.061(1978)	1:2,793(1977)	—	—
1:1,785	1:810	1:553(1978)	—	—

INDEX

A

AFP *see* Armed Forces of the Philippines
 Abragan, Pablito, 13
 Access to education
 Democratization of, 105
 Adversary culture, 112
 Agitation-propaganda, 7
 Agrarian experiment, 84
 Agrarian reform, 71, 82
 Agrarian reform program, 119
 Redistribution scheme of the, 86
 Agricultural colleges, 105
 Agricultural exports
 Rapid growth of, 84
 Agricultural extension, 86
 Agricultural Land Reform Code of 1963, 84-85
 Agricultural production, 57, 65, 116
 Agricultural settlements, 88
 Agriculture, 78, 79, 119
 Agus project, 76
 Alcogas, 76, 78
 Alcogas development program, 76
 Alcohol, 76
 Alcohol fuel, 76
 Alonto, Domocao, 11
 Aluminum smelter, 78
 American colonial administration, 84
 American regulatory statutes, 42
 Amnesty, granting of, 50
 Anarchy, 48, 49, 108
 Ansar El Islam, 10, 12
 Anti-Dummy Act, 43
 Apprenticeship programs, 105
 Aquino, Benigno, Jr., 25
 Election of, 27
 Arca building, bombing of, 5
 Arienda, Roger, 15

Armed agitators, 3
 Armed city partisans, 5
 Armed Forces of the Philippines, 49, 51
 Armed rebellion, 82
 Armed revolution, 2
 ASEAN regional economic cooperation, 65
 Asian Development Bank, 105
 "Astropac" chemicals, 15

B

BOCs *see* Barrio Organizing Committees
 BRCs *see* Barrio Revolutionary Committees
 Bacolod, 103
 Ang Bagong Katipunan, 8
 Balance of payments, 60
 Difficulties, 55
 Bangsa Moro Republic, 12
 Barangay health centers, 98
 Barangay Health Worker Program, 99
 Barangay high schools, 105
 Barangays, 52
 Barrio Organizing Committees, 6
 Barrio Revolutionary Committees, 6
 Basic Commodities, prices, 5
 Basic health manuals, 100
 Basic human needs, concept of, 118-120
 Batarisan Program, 105
 Batasang Pambansa, 53, 55
 Benefits, equitable sharing of, 81
 Bicol region, 78
 Biomass resources, 76
 "Blackshirts", 13
 BLISS projects, 119
 Blue farming, 104

136 Progress and Martial Law

Board of Investments, 71
Bomba, 13
 Bourgeois revolution, 31
 Bourgeoisie, 7
 Buldon incident, 13
 Bureau of Employment Services, 96
 Bureau of Labor Relations, 92

C

CBA *see* Collective Bargaining Agreement
 Cagayan de Oro, 103
 Calamities, natural, 55
 Cambodian delegations, head of, 29
 Camlian, Abdullah, 11
 Camp John Hay, 17
 Capital-intensive industries, 44
 Capital-labor ratio, 44
 Cauayan, Isabela, 4
 Cebu, 103
 Cement industry expansion, 78
 Chinese community, 7
 Clothing, 119
 Coal, 77
 Exploration, 77
 Production, 77
 Coconut prices, decline of, 63
 Coconut production, 64, 66
 Collective bargaining agreement, 92, 95
 Commission on Elections, 53
 Common good, promotion of the, 80
 Communication, 119
 Communist Party of the Philippines, 1, 2
 Members, 27
 Communistic systems, 37
 Community colleges, 105
 Community development, 71
 Congressional Economic Planning Office, defunct, 60
 Constitution, new, 53
 Constitutional authoritarianism, 108
 Cooperative farming, 88
 Corpuz, Victor, 3
 Corruption, 82

Program of action against, 54
 Cost-of-living allowances, 94
 Cottage industry products, 58
 Council of Medical Technology, 100
 Court of Industrial Relations, 5
 Credit facilities, 88
 Crime situation, 18
 Crop-sharing, equitable formula for, 84
 Cultural grievances, 48
 Cultural minority members, 105
 Culture, 119

D

Davao, 103
 Day Care Center, 98
 Debt service ratio, 59
 Democracy, 37
 Democratic institutions, 81
 Democratic revolution, 113
 Department of Social Welfare, 5
 Dermatology and Research Training Office, 100
 Development, approach to, 118
 Development program, 38
 Digoyo Point, Palanan, Isabela, 8
 Drilling program, 73
 Drop-out rates, 104
The Dynamics of Poverty, 114

E

Echague, Isabela, 4
 Ecological balance, 119
 Economic base, 119
 Economic crisis, 61
 Economic development, 34, 35, 38, 62, 79, 82
 Attainment of, 80
 Program, 96
 Economic development plans, 80
 Implementation of, 81
 Economic efforts, 81
 Economic emancipation, 34
 Economic expansion, 79
 Economic grievances, 48
 Economic growth, engines of, 80

- Economic investment policies, 35
 - Economic order, 36, 80, 81
 - Economic performance
 - Philippines, 56
 - Economic policy plans, 39
 - Economic problems, 27 ✓
 - Economic system, 80, 81 ✓
 - Restructure, 81
 - Economy, crisis in, 61
 - Education, 82, 102, 119
 - Educational Development Decree
 - of 1972, 104
 - Educational reform, 103-106
 - Electrification, 116
 - Electrification program, 58
 - Employees Compensation
 - Commission, 93
 - Employer-employee relations, 94
 - Employment
 - Access to, 102
 - Creation, 60
 - Generation, 71, 96
 - Energy, 78
 - Crisis, 62, 71
 - Program, 58, 71
 - Sources
 - Utilization of, 76
 - Supply, 77
 - Engels, 37
 - Engineering Education Project, 105
 - Enrico Hotel, 16, 17
 - Enrolment, 104
 - Environmental Impact Statement
 - System, 100
 - Equity in rural banks, 119
 - Espaldon, Romulo, 51
 - Esperagoza, Jovencio, 4
 - Ethnic minorities, 7
 - Exploitation of large estate, 84
 - Exploiters, mercy of, 97
 - Exploration program, 73
 - Export incentives, 59-60
- F**
- Family planning, 97
 - Projects, 100
 - Far East Bank and Trust Company, 5
 - Farmer-beneficiaries, 86
 - Farming of the seas, 104
 - Federated Philippine Republic, 11
 - Figueras, Eduardo, 14
 - Filipino Muslims, 9
 - Filipino worker, welfare of the, 89
 - Firm social policy, 81
 - "First Quarter Storm", 3
 - Fiscal management, 116
 - Fishermen, 112 ^
 - Five-day incentive pay, 95
 - Fixers, intervention of, 95
 - Flood control, 75
 - Food, 119
 - Production, 70
 - Foreign borrowings, 67
 - Foreign intervention, 23
 - Foreign investments, 63
 - Foreign loans, 67
 - Foreign powers, 2
 - Forest development, 88
 - Forest industry, 40
 - Forestry laws, 43
 - Fractional politics, 26
 - Free education, 104
 - Front organizations, 3
- G**
- GATT see General Agreement on
 - Tariffs and Trade
 - GNP see Gross National Product
 - General Agreement on Tariffs
 - and Trade, 66
 - General Appropriations Act, 41
 - Geothermal energy sources, 77
 - Getty Mining and Benguet
 - Consolidated, 78
 - Global network, 36
 - Goiter control program, 100
 - Government
 - Budget, national, 71
 - Forces, 28
 - Hospitals, 98
 - Organization of, 41
 - Policy, 44
 - Programs, 65
 - Reorganization of, 52
 - Graft and corruption, eradication
 - of, 99

Great Flood of 1972, 66
 Greater Manila Area, 6
 Green Guards Organization, 11
 Green Revolution, 65
 Gross National Product, 58, 78, 79
 Guerrilla forces, 28

H

Habeas Corpus, writ of, 9, 33
 Health and family planning, 116
 Health Care Delivery System, 98
 Health protection, 100
 Heavy equipment industries, 78
 Higaonon tribe, 4
 High-level professions, 105
 Homesteads, 84
 Housing, 71, 119
 Fund, 71
 Policy, 102
 Settlements, 82
 Unit, 101
 Hukbalahap uprising, 83
 Human settlements, 82
 Human Settlements Ministry, 69
 Hussain, S. Shahid, 68, 115
 Hydro power plants, 76
 Hydroelectric energy, 76
 Hydroelectric projects, 75

I

IMF see International Monetary Fund
 IRRI see International Rice Research Institute
 "Ilagas", 13
 Illegal recruiters, mercy of, 97
 Independence Day Celebration, 17
 Industrial Priorities Plan, 45
 Industrial development, 90
 Industrial reform program, 59
 Industrial world's markets, 59
 Industrialization policy, 118
 Industry boards, 106
 Inflation, 94
 World-wide, 66
 Infrastructure development, 67, 88
 Infrastructure projects, 52, 86

Institute of Labor and Manpower Studies, 92
 Institute of Microbiology, 103
 Institute of Plant Breeding, 103
 Insurgency movement, 48
 Integrated National Police, 54
 Integrated rural energy systems, 76
 Interest rate policy, 60
 Interim Batasang Pambansa, 54
 International environment for 1981, 79
 International inflation, 59
 International Monetary Fund, 59, 107, 117
 International reserves, 59, 67
 International Rice Research Institute, 103
 Investment Development, Inc., 5
 Investors, international, 107
 Iranian crisis, 63
 Irrigation program, 67
 Irrigation system, expansion of, 65
 Islamic State, 10

J

Javellana vs. The Executive Secretary, 53
 Joe's Department Store, 6

K

KM see Kabataang Makabayan
 Kabataan Barangay, 105
 Kabataang Makabayan, 3
 Kadiwa Centers, 69, 119
 Kalimatu Sahadat, 11
 Ang Kapatiran sa Ikauunlad Natin, 8
 Kapitbahayan, 119
 Khaddafi, Colonel, 51
 Khmer Rouge, 29-32

L

Labor
 Legislation, 44
 Movement, 93
 Restructuring of the, 91

- Organizations
 - Growth of, 91
 - Representatives, 93
 - Rights of, 90
 - Trisectoral cooperation of, 90
 - Union, 91
 - Labor Code, 89-96
 - Labor Day Convention, 17
 - Labor interests and welfare
 - Promotion of, 90
 - Labor reforms, 82, 89
 - Labor relations policy, 93
 - Laissez faire, policy of, 36
 - Lam Alif, 12
 - Land Bank of the Philippines, 87
 - Land
 - Ceiling, 84, 86
 - Consolidation, 88
 - Democracy, 83
 - Ownership
 - Concentration of, 82
 - Structure of, 82
 - Reform, 35, 65, 83, 85
 - Decree, 83
 - Farmers, 85, 86
 - Legislation, 83
 - Program, 82, 83, 84, 86, 87
 - Statistics, 88
 - Tenants, 85
 - Tenure
 - Reconstruction of, 87
 - "Land transfer certificate", 86
 - Land transfer operation, 87
 - Land use, 119
 - Landless worker, 112
 - Landlord, 84, 85
 - Landlordism, 82
 - Landowners, 83
 - Landownership
 - Feudalistic nature of, 82
 - Transformation, 83
 - Laurel, Jose B., Jr., 60
 - Laurel-Langley Agreement, 63, 64
 - Learnership programs, 105
 - Leasehold system, 86-87
 - Adoption of the, 87
 - Leaseholder, 85
 - Leaver rates, 104
 - Leftist rebellion, 22
 - Legislation, 45
 - Lending program, 68
 - Lenin, 31
 - Liberal Party, 14, 32
 - Election of, 34
 - Victory of the, 27
 - Libya, 13
 - Light-a-Fire Movement, 49
 - Liquidation missions, 6
 - Literacy, 104
 - Livelihood, 101, 119
 - Local coal, 77
 - Local governments, 51
 - Local officials, election of, 54
 - Lon Nol-Sirik Matak Clique, 31
 - Lovina, Teddy, Jr., 15
 - Lucman, Raschid, 11
 - Luneta Grandstand, 17, 18
 - Lung Center, 99
 - Lungsod ng Kabataan, 99
 - Lungsod Silangan Medical Health Center, 99
 - Lupong Tagapagpaganap, 51
- M
- MAN *see* Movement for the Advancement of Nationalism
 - MASAKA *see* Malayang Samahan ng Magsasaka
 - MIM *see* Muslim Independence Movement
 - MNLF *see* Moro National Liberation Front
 - MPKP *see* Malayang Pagkakaisa ng Kabataang Pilipino
 - Magsaysay, Misamis Oriental, 4
 - Malacañang compound, 18
 - Malayang Pagkakaisa ng Kabataang Pilipino, 3, 8
 - Malayang Samahan ng Magsasaka, 3, 8
 - "Malward" (Malnutrition ward) program, 100
 - Ang Mandirigma, 9
 - Manila City Hall, 6
 - Manila Times, 14

140 Progress and Martial Law

- Manjoorsa, Tham, 51
 - Manpower development, 90, 105-106
 - Mao, Tse Tung, 30
 - Marcos, Imelda R., 51
 - Maritime Commission, 42
 - Market-oriented rates, 60
 - Martial law, 1, 18, 21, 23, 26, 32-34, 79, 82-83
 - Advent of, 39
 - Declaration of, 34, 83
 - Period of, 85
 - Political performance of, 32, 34
 - Proclamation of, 33-34, 60-61, 82, 85
 - Promulgation of, 53
 - Marx, 37
 - Marxist ideology, 33
 - Marxist-Leninist theory, 30-31
 - Masagana 99 program, 65, 119
 - Matalam, Udtog, 9
 - Maternity benefits, 96
 - Medical services, 119
 - Medicare
 - Benefits, 95
 - Health insurance scheme, 99
 - Program, 99
 - Services, 71
 - Mental hospital for criminals, 99
 - Middle East
 - Countries, 65
 - Relations, 66
 - Military security, 35
 - Mindanao, 51, 54-55, 76
 - Conflict in, 28, 50
 - Grid, 76
 - Minimum wage, 59, 94
 - Ministry of Agrarian Reform, 86-87
 - Ministry of Health, 100
 - Ministry of Labor *see* Ministry of Labor and Employment
 - Ministry of Labor and Employment, 90-93
 - Misuari, Nuruladji, 51
 - Monetary crisis, 63-64
 - Monetary management, 116
 - Moro National Liberation Front, 11, 50-51
 - Morong Resettlement Center, 65
 - Movement for the Advancement of Nationalism, 3
 - Muslim Independence Movement, 9
 - Muslim Republic of Mindanao, 11
- N
- NGA *see* National Grains Authority
 - NMYC *see* National Manpower and Youth Council
 - NSB *see* National Seamen Board
 - National Cancer Control Center, 100
 - National decision-making, 26
 - National development process, 97
 - National Economic and Development Authority, 71
 - National emergency, 26
 - National Food Authority, 70, 84
 - National Grains Authority, 69-70, 84
 - National income scale, 87
 - National Internal Revenue Code, 45
 - National Labor Relations Commission, 93
 - National leadership, 21
 - National Manpower and Youth Council, 93, 96, 105
 - National Nutrition Center, 100
 - National Nutrition program, 100
 - National oil company, 65
 - National Power Corporation, 77
 - National Seamen Board, 93, 97
 - National security, 2
 - Nationwide health information campaign, 100
 - New People's Army, 2, 28
 - New Society, 35, 79, 81, 84, 88, 89, 91, 96
 - Achievement of, 85
 - Eight years of the, 82
 - Establishment of, 82
 - Evolution of, 108
 - Land reform
 - Efforts of, 88
 - Program, 85, 86
 - NIDO oilfield, 73
 - Night shift differential pay, 95
 - Non-conventional energy projects, 76
 - Non-traditional exports, 116

Non-traditional manufacturing
 exports, 118
Notes on the New Society, 113
Nutrihuts-, 101
Nutrition, 82, 97
Nutrition education program, 101
Nutrition program, 100
Nutrition training, 100
"Nutriward", operation fo a, 100

O

OEDB *see* Overseas Employment
 Development Board
OPEC *see* Organization of Petroleum
 Exporting Countries
Oil
 Crises, 59, 65, 66
 Importations, 72
 Industry, 40
 Price increases, 55, 70, 72
 Production, 73
 Supply, 63
 Crisis, 64
Oil Industry Commission, establish-
 ment of, 41
Old society, private armies of, 49
Oligarchic order, 34
Oligarchy, 27
On-the-job training, 105
185th PC Company elements, 4
"Operation Land Transfer", 86
Operation Timbang, 100
"Ordinary" criminality, 2
Organization of Petroleum Exporting
 Countries, 72
Osmeña, Sergio, Jr., 14, 15
Out-of-School youths, 105
Overseas employment, 97
Overseas Employment Development
 Board, 93, 97
Owner-operator, 85

P

Pagalungan, Northern Cotabato, 10
Pambansang Kilusan ng Paggawa, 9
Parhimpunan Kabangsaan Anak

Islam, 12
Partido Komunista ng Pilipinas, 2
Partido Nagkaisahang Sosyalistang
 Demokrata Ng Pilipinas
 SOCDEM, 49
Partisan legislation, 40
Pasaje, Pedro, 13
Pasig River, 18
PC-Integrated National Police, 49
Peace and order program, 49
Petrochemical complex, 78
Petroleum, prices of, 55
Petroleum supply, sources of, 74
Philamlife building, 5
Philippine Army,
 5th Infantry Battalion, 4
Philippine Banking Corporation, 5
Philippine Heart Center for Asia, 99
Philippine society, 24
Philippine Sugar Institute building, 5
Philippine Training Centers for
 Rural Development, 105
Philippine Trust Company, 5
Philippines, 28, 47, 50, 83
Phnon Penh, 30
Phosphate fertilizer, 78
Piopongco, Jaime, 15
Plaridel, Bulacan, 18
PLDT exchange office, 5
Plebiscites, 53
Policy plan, 39
Policy reforms, 79
Political authority, 25
Political conduct, 24
Political emancipation, 34
Poiltical forces, 22
Political grievances, 48
Political order, 36
Political order, old, 26
Political power, 22, 24
Political situation, 22, 25
Political strife, 24
Political system, 22, 52
Political vendetta, 14
Political warlords, 25
Population Commission, 41
Population growth, 57
Population planning project, 69

142 Progress and Martial Law

Post-martial law, 21
Poverty, attack against, 112
Poverty line, 120
Power, 119
Power alcohol, 76
Power generation, 76
Pre-martial law, 39
Premium pay, 95
Presidential Commission to Study
 Philippine Education, 104
Presidential Decree
 No. 2, 85
 No. 5-A, 104
 No. 27, 85
 No. 525, 94
 No. 568, 98
 No. 851, 94
 No. 1123, 94
 No. 1567, 97-98
 No. 1614, 94
 No. 1634, 94
Presidential Decrees from 1974 to
 1979, series of, 94
Price control, imposition of, 41
Price stabilization, 94
"Private" armies, 19
Private fee-charging agencies, 97
Private property, institution of, 81
Private sector, 106
Proclamation No. 1081, 48
Programs, 81
Progress, engines of, 80
Proletariat, 31
Property, acquisition of, 81
Property rights, 81
Public lands, distribution of, 84

Q

Quezon City Hall, 6
Quadripartite Committee of the
 Islamic Conference, 51

R

RGNUC see Royal Government
 of the National Union of
 Cambodia
Radiation Health Office, 100

Radical reforms, 113
Radio Peking, 3
Rebellion, 48
 In the South, 66
Red Tiger, 29
Referenda, 53
Reform(s), 97
 Economic, 55, 57
 Political, 52, 53
 Program, massive, 85
 Social, 52
 Society, 83
Refugees assistance program, 62
Regional development, 71
Regional manpower Training
 centers, 105
Regional mental health centers, 99
"Regional Program of Action 1972", 4
Regional training centers,
 construction of, 98
Regular holiday pay, 95
Religious elements, 7
Republic of Mindanao and Sulu, 10
Resettled families, 103
Resource exploration, 66
Restructure Health Care
 Delivery System, 98
Retail Trade Act, 42
Revolutionary situation, 3
 Violence, 34
Rice
 Deficient country, 57
 Self-sufficiency in, 57
Rightist coup, 24
 Elements, 1, 22
Rightists, 23
Roadbuilding program, 67
Roads, 119
Roces, Joaquin "Chino", 14
Royal Government of National
 Union of Cambodia (RGNUC)
 De facto leader of, 29
 Dissolution of the, 30
 Founding of, 29
Rural development, 68
 Electrification, 86
 Health centers, 98
 Practice program, 99

Services, 88
Units, 78, 101
Marginal man, 112
Sanctuary, 6
Water supply, 116

S

SDK *see* Samahang Demokratiko ng Kabataan
SEAFDEC *see* Southeast Asia Fisheries Development Council
SM *see* Samahang Molave
Sacadas, 112
Samahang Demokratiko ng Kabataan, 3
Samahang Molave, 3
Samahang Progresibo ng Kababaihan ng Pilipinas, 9
Samphan, Thieu, 29
San Juan, Concepcion, Tarlac, 4
San Miguel building, 6
Sandiganbayan, 52, 54
Sanggunian, 55
Pampook, 51, 54
Sanitation of the Philippines, 100
Savings deposits, 58
Scenarios, 33, 34
Schistosomiasis, specialized hospital for, 99
Scholarship(s), 104
Programs, 105
Schumpeter, Joseph, 112
Science and research, promotion of, 103
Science engineering, 103
Science High School, 104
Secession, 48, 82
Threats of, 49
Secessionist elements, 4
Movement, 25, 62
Sedition, threat of, 49
Self-governing nation, 80
Semirara Island, new coal mines in, 77
Settlement program, 88
Projects, 88
Share-cropper, 84, 85

Sharecropping, 86
Shelter, 119
Short-term loans, 67
Sigai, 13
Sihaunouk, Norodom, Prince, 29, 30, 32
"Simbad Units", 6
Sison, Jose Ma., 2
Sites and services projects, 102
Sitio Mababulala, Barrio San Pedro, Naga City, Camarines Sur, 4
Skills training programs, 105
Slum improvement program, 103
Upgrading, 69
Small and medium-scale industries, development of, 86, 89, 116
Small farmers, incomes of, 69
Social conditions,
Development, 38, 82
Grievances, 48
Improvement of the, 81
Infrastructure, 81
Justice, 39, 90
Order, 36
Orientation, 80
Problems, 27, 82
Prosperity, 81
Security
Commission, 93
System, 95, 96
Services, 97
Transportation, 35
Unrest, 82
Causes of, 113
Socialist, 38
Socialist revolution, 31
Socialistic systems, 37
Socio-economic policies, 22
Socio-economic programs, 27
Socio-economic reforms, 40
Solar radiation, 76
Southeast Asia Fisheries Development Council, 103
Southern Philippine Development Administration, 65
"Sparrow Units", 6
Sports and recreation, 119
Squatter population, 102

144 Progress and Martial Law

Upgrading, 102
Squatting, 102-103
State of Democratic Kampuchea, 30
"Strim" gun, 15
Study grants, 105
Study Now, Pay Later Plan, 105
Sugar cane, 76
Surface gas emanations, 76

T

Tabacalera Cigar and Cigarette
factory compound, 5
Tagamolilla, Crispin, 3
Tanodbayan, 52, 54
Taringsing, Cordon, Isabela, 4
Task force lawin headquarters, 4
TB Control Program, 99
Technician institutes, 105
Technological skills, 1103
Technology, 119
Ten-Year Educational Development
Program, 104
Tenancy
Problem, 42
Shackles of 83
Tenant-farmers, 86-87
Transfer of lands to, 87
Tenants, emancipation of the, 85
Tenurial reform, 88
Territorial integrity, 22
Third World Countries, 71
13th month pay, 94
Tigbac family, 13
Time deposits, 58
Today's Revolution: Democracy, 60,
113
Tondo Foreshore Dagat-Dagatan
Project, 103, 119
Totalitarian regime, 34
Tourism program, 66
Tractman, Larry, 14
Trade
Expansion, 65
Oriented economy, 79
Unionism, 90, 92
Trade Union Congress of the
Philippines, 91

Training Incentive Scheme, 106
Transport fares, increases, 5
Transportation, 116, 119
Traffic, 119
Tripartism, 93
Tripartite conference, 117
Tripoli Agreement, 51

U

UNCTAD see United Nations
Conference on Trade and
Development
Underemployment, 118
Unemployment, 61
United Arab Emirates, 13
United Front, 29, 32
United Nations
Member countries of, 58
United Nations Conference on
Trade and Development, 64
United States, 42
University of the Philippines
System, 105
Uranium exploration, 77
Urban
Centers, 3
Development, 116
Facilities, 102
Guerrillas, 5
Poor, 112
Urban Land Reform Act, 119

V

Veto power, exercise of, 40
Vietnamese Embassy, 5
Vocational skills, 103
Volkswagen kombi, 18

W

Wage
Benefits, 94-95
Commission, 93
Increases, 94
Water, 119

Wealth

Accumulation of, 79
Acquisition of, 81
Democratization of, 80
Redistribution of, 81, 87
Use of, 114
Welfare of the people, 80
Wind energy, 76
Worker's buying power, 94
Workmen's compensation, 95

World Bank, 56, 57, 59, 67, 68,
71, 88, 105, 107

Y

Young Communist League, 9

Z

ZIP see Zonal Improvement Program
Zamboanga City, 51
Zonal Improvement Program, 103

S

- SDK See Samahang Demokratiko ng Kabataan
- SEAFDEC See Southeast Asia Fisheries Development Council
- SM See Samahang Molave
- SOCDEM See Partido Nagkaisang Sosyalistang Demokrata ng Pilipinas
- Sabah, 11, 12
 - Authorities, 12
- Sabotage, intensification of, 5
- Safety program, 89
- Samahang Demokratiko ng Kabataan, 3, 7
- Samahang Molave, 3
- Samahang Progresibo ng Kababaihan ng Pilipinas, 9
- San Miguel building, 6
- Sandiganbayan, 48, 50
- Sanggunan, 51
- Sangguniang Pampook, 47, 50
- Sanitation, 89
- Savings deposits, 54
- Schistomoiiasis, specialized hospital for, 88
- Scholarship programs, 94
- Science High School, 93
- Secession, 2, 22, 45, 71
- Secessionist elements, 4
- Secessionist movement, 9, 25, 47
- Secessionist war, 46
- Secretary of National Defense,
 - Office of the, 7
- Sectoral resource allocation, 39
- Sedition, 45
- Services, 67, 68
- Settlement(s)
 - Areas, 87
 - Programs, 77
 - Projects, 77
- Sharecropper, 73, 74
- Sigai, 13
- "Simbal units," 6
- Sison, Jose Ma., 2
- Sites and services
 - Development program, 92
 - Projects, 91
- Skills training programs, 94
- Slum(s)
 - Improvement program, 92
 - Upgrading, 58
- Small and medium scale industries, 85
 - Development of, 75
- Small farmers, incomes of, 58
- Social conditions, 70, 77
- Social development, 34, 63, 71
- Social infrastructure, 70
- Social injustice, 27
- Social instability, 69
- Social justice, 34
- Social orientation, 69
- Social policy, 70
- Social problems, 29, 71
- Social reforms, 48
- Social sector(s), 57, 58, 71
- Social security, 60, 84
- Social Security Commission, 82
- Social Security System, 84, 85
- Social services, 60, 86
- Social welfare, 91
- Socialist, 34
- Socialist system, 33
- Society(ies)
 - Archaic, 28
 - Failures, 32
 - Sectors of, 86
- Socia-economic development program, 47, 92
- Socio-economic policies, 22
- Socio-economic reforms, 36
- Southeast Asia Fisheries Development Council, 92
- Southern Philippines, 46
- Spaniards, 9
- "Sparrow units," 6
- Squatting, 71
 - Problem of, 91
- State, autonomous
 - Formation of Mindanao, 11
- State power, 44
- "Strim" gun, 15
- Student groups, infiltration of, 3
- Student organizations,

infiltration of, 27
 Student sector, 7
 Study grants, 94
 Study Now, Pay Later Plan, 94
 Subversive activities, 3
 Sugar workers, 7
 Suharto, President, 16
 Sulu, 14
 Fighting in, 26
 Supreme Court, 44, 49

T

Tabacalera Cigar and Cigarette
 Factory Compound, 5
 Tagamolila, Crispin, 3
 Tanodbayan, 48, 50
 Tariff structure, 40
 Task Force Lawin headquarters, 4
 Taxes
 Corporate, 58
 Direct, 58
 Indirect, 58
 Teach-ins, 4, 8
 Teachers welfare,
 promotion of, 93
 Technical deficiencies, 71
 Technological deficiencies, 71
 Technologists, assistance of, 73
 Ten-Year Educational
 Development Program, 93
 Tenancy problems, 38
 Tenant, emancipation of, 74
 Tenurial reform, 77
 Terror, 14
 Terrorism in urban areas, 1
 Tertiary education,
 rationalization of, 93
 Thailand's inflation, 59
 Third World countries, 60
 13th month pay, 83
 Tigbac family, 13
 Time deposits, 54
 Tondo Foreshore Dagat-Dagatan
 Project, 92
 Tourism, 85
 Tractman, Larry, 14, 15, 16-17

Trade-oriented economy, 68
 Trade restrictions, 55
 Trade Union Congress of the
 Philippines, 80
 Training, foreign, 12
 In Sabah, 12
 Training Incentive Scheme, 95
 Training, military, 11
 Transport fares, increases in, 5
 Treasury, 37
 Tripartite conference, 82
 Tripartite representation,
 significance of, 82
 Tripoli agreement, 47
 Truck heavy, manufacturing, 67
 Tubod, 13

U

Unemployment, 71
 Union, 83
 United Arab Emirates, 13
 United Nations, 86
 Member countries of the, 54
 United States, 38
 University of the Philippines
 system, 94
 U.S. installations, attacks, 5
 USIS Information building, 9
 Uranium exploration, 66
 Urban communities, 91
 Urban development, 53
 Urban guerrillas, 5
 Urban life, aspects of, 91
 Urban poor, economic situation, 19

V

Value orientations, 38
 Vendetta, political, 14
 Veto powers, 36
 Vietnamese Embassy, 5
 Violence, *lil*, 15

W

Wage benefits, 83, 84
 Wage Commission, 82
 Water supply, rural, 53
 Wealth, democratization of, 69

148 Progress and Martial Law

Welfare of the poor, 58
Welfare state system, 33
Workers' purchasing power, 83
Workmen's Compensation System, 84
World Bank, 52, 53, 55, 56, 57,
60, 77, 94, 97
World Health Organization, 18
World War II, 9
Writ of habeas corpus
Proclamation of, 29
Suspension of the writ, 9

Y

Young Communist League, 9
Youth representatives,
election of, 51

Z

ZIP *see* Zonal Improvement
Program
Zamboanga City, 47
Zonal Improvement Program, 92

1000



